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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Irish siege ordeal goes on

...pped Dutch industrialist ...iede Herrema was last still under siege with his ...s in a council house on ...ate 40 miles from Dublin the 18-day manhunt for ...nded at dawn when 200 ... and police swooped on ...lage of Monasterevin, Co. ...e.

...ral gunshots were heard as ...surrounded, then burst in- ...corner house of a terrace. ...was hurt. But Dr. ...a appeared at the window ...upstairs room with a re- ...pointed at his head.

...through the day, negotia- ...vent on in the downstairs ...between the police and the ..., one of whom has been ...ed as Eddie Gallagher, 27, ...asted his way out of Port- ...Jail with 18 other Provos ...just last year.

...omplice

...on Coyle, 19, also named ...ice as wanted for inter- ...in the search for Dr. ...a, was thought to be in ...use with Gallagher, who ...ven a blunt "No" to re- ... requests for Dr. ...a's release.

...e at the scene last night ...d an all-night vigil. Mean- ... Dr. Herrema's wife, ...h, arrived in Dublin by ...aircraft from Arnhem, ... With her was Mr. ...Kraienhoff, president of ...V, the parent company of ...renka subsidiary.

...Merritt in Monasterevin, ...age

...rs expect ...to pass

...vative peers inflicted a defeat on the Government ...he Community Land Bill ...hey passed an amendment ...g the Environment Secre- ...powers. But they seem ...d to the Bill reaching the ... Book before the next ...nentary session in Novem- ...ack Page

...tline report

...war between Ethiopian ...and Eritrean nationalist ...as is reaching a pitch, ...bloody atrocities being ...tted on both sides. Gwynne ...s has just returned from ...ile journey into the battle ...ith units of the Eritrean ...tion Front. His first ...t appears on Page 8

...varranted

...70 shops, many of them ...London area, are to lose ...ht to describe themselves ...By Royal Appointment" ...1979 after a decision by ...yal Warrants Commission ...sultation with the Queen. ...1

...er abortions

...opposition welcomed. Social ...s Secretary Mrs. Barbara ...s promise in the Commons ...e abortion laws would be ...ied. Nursing homes will ...o provide adequate facili- ...d provide quarterly infor- ...on foreign patients. ...nent, Page 16

...fly ...

...storeman was jailed for ...years at Nottingham for ...g a blaze at Chilwell ...ce depot, the major spares ...ution point for the Army, ...caused £1m.-worth of ...e.

... Airways will resume ...weekly flights to Cyprus, ...ng holiday tours, on ...ber 1.

...ld approved a new issue of ...coins including the first ...tender in platinum any- ...in the British Isles.

...iter Peter Bullen won the ... section of the 1974-75 ... Awards for an article on ...unday joint. Page 31

BUSINESS

Equities up 8.1; Gilts improve

● EQUITIES more than recouped Monday's loss in thin trading. The FT 30-share index was 8.1 up at 344.8.

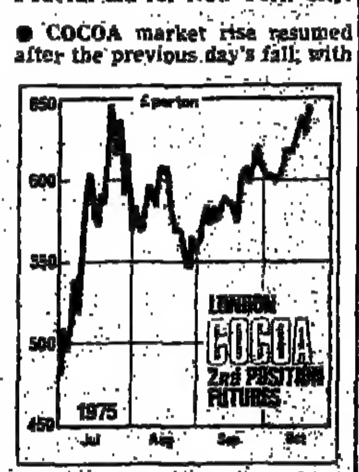
● GILTS improved with both shorts and longs adding ½ in "after-hours" dealings after a ⅛ rise at the close. The FT Government Securities index firmed 0.32 to 57.27.

● GOLD gained $1¼ to $145¼.

● STERLING was unchanged at $2.0620, though its depreciation widened to 29.5 (29.4) per cent. The dollar's widened to 2.35 (2.19) per cent. The Japanese yen improved to Y300.85 (Y302.5) against the dollar. Its depreciation narrowed to 0.01 (0.51) per cent.

● WALL STREET closed 4.57 up at 846.82 on hopes of Federal aid for New York City.

● COCOA market rise resumed after the previous day's fall, with



the March position closing up £17 at £645.25, approaching the July high. Page 31

BSC plans Quebec project

● BSC intends to invest about £40m. in an iron ore mining and pelletising project in Quebec to secure ore supplies for its U.K. expansion programme. Back Page

● EKOFISK 220-mile pipeline and £120m. Seal Sands terminal were inaugurated yesterday. Oil is being pumped ashore under the North Sea at the rate of 300,000 barrels a day, one-third maximum capacity. Page 13

● BRAZILIAN Foreign Minister said in London that British banks are offering credit-financing of several hundred million pounds for a new steel mill in Brazil. Back Page

● AUEW special delegate meeting in early December will consider whether to challenge the £6 pay limit. Meanwhile, Scottish shop stewards with Rolls-Royce (1971) have presented a claim for a 28 per cent. increase. Page 13

● ABBOTT Laboratories has refitted production facilities for cyclamates in Chicago in anticipation of the lifting of the six-year ban by the Food and Drug Administration. Page 5

● MR. GORDON RICHARDSON, Governor of the Bank of England, will head a high-level British visit to Venezuela next month.

COMPANY RESULTS

● MARKS and Spencer first-half pre-tax profit was just ahead at £35.92m. (£35.26m.) after providing £3.5m. for its new pension scheme. Sales were up 23.9 per cent. at £398.7m. Directors say European development is encouraging but "not yet trading profitably." Page 20; Feature, Page 7; Lex

● HAWKER SIDDELEY first-half pre-tax profits rose to £24.98m. (£23.16m.), excluding figures from Canada. Interim dividend is 6.1362p (5.75p). Page 22 and Lex

● ASSOCIATED Biscuit Manufacturers pre-tax profit for the 36 weeks to September 7 increased to £4.8m. (£2.93m.). Chairman expects a "significant" profit improvement for the full year over 1974. Page 21 and Lex

...F PRICE CHANGES YESTERDAY

...s in pence unless otherwise indicated)

RISES

Lennons	55	+ 5
Lloyds Bank	233	+ 13
Lonrho	118	+ 5
Lucas Inds.	189	+ 5
MEPC	65	+ 3
Magnet Joinery	178	+ 5
Nigerian Electric	160	+ 28
Paterson Zochonis	440	+ 40
Slater Walker	49	+ 5
Southern-Evans	129	+ 9
Thorn Elect.	310	+ 12
Unilever	388	+ 8
Weyburn Eng.	283	+ 10
Cons. Tea and Lands	310	+ 20
West Nile	295	+ 50
Shell Transport	339	+ 5
Charter Cons.	136	+ 5
Doornfontein	850	+ 70
Middle Wits.	375	+ 20
Pancontinental	270	+ 20
Peko-Wallsend	234	+ 10
West Dric.	£42	+ 2

Jobless trend still rising sharply

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE TREND of unemployment in the U.K. is still sharply upwards, and is likely to remain so for some time to come.

Figures released by the Department of Employment yesterday show a drop of 83,881 in the number of people registered as out of work this month—to 1,165,397 or 5.0 per cent. of the labour force. But the change is entirely accounted for by the disappearance from the DE's books of 85,748 students who had registered during their vacations.

There was also a further reduction of 54,519 in the number of unemployed summer school-leavers.

But the measure which is regarded as the most significant for assessing trends—the seasonally adjusted figure of wholly unemployed (excluding adult students and school-leavers)—has risen a further 48,500, to 1,088,600, or 4.7 per cent. of the labour force.

After a short spell when it appeared to stabilise, the trend of vacancies being notified by employers to employment exchanges has started moving downwards again — by 11,200 (seasonally adjusted) to 126,200.

Unemployment is no longer rising at quite the pace seen in the summer. Compared with an average monthly rise of 59,000 in the seasonally adjusted total between April and July, the increase averaged 35,000 between July and this month.

The alarmingly fast rise in the figures during the summer was partly due to the fact that employers were finally laying off workers who had been kept on short time while the full implications of the industrial and economic climate were being assessed. The number on short time went down quickly from 250,000 in May to 145,000 in July. There has been little change since then, and this month's estimate puts the number on short time at 135,000.

The fact that the seasonally adjusted total this month has risen by 48,500 suggests, on the face of things, that there has been another acceleration in the upward trend.

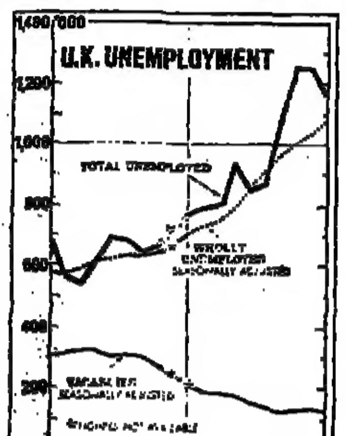
But Whitehall sources are drawing attention to an aspect of the figures that was not widely known before—namely that, unlike the practice with such indicators as the trade figures, the monthly changes in the seasonally adjusted unemployment figures do not receive an extra adjustment when the period between the monthly counts is longer than four weeks.

This happens once a quarter or so, and affected the July figures. On this occasion the distortion is caused by the fact that the Department of Employment has decided it is more convenient administratively to conduct the count on the second Thursday in each month, and not, as previously, the second Monday.

The unemployment count will continue to be taken on Thursdays from now on. Meanwhile, the transition has produced a four-and-a-half week month, and it is estimated that the extra few days have added some 5,000 to the seasonally adjusted change between the two months.

This factor apart, the steepness of the upward trend in the unemployment figures remains all too apparent. Mr. Healey, the Chancellor, went on record last month as saying that unemployment was unlikely to reach the 1¼m. mark which had been forecast in some quarters, and might level out at or below 1.2m. (Great Britain, seasonally adjusted) around the turn of the year.

Since then, however, figures of production and output have been



published showing that the current recession is deeper than had been suggested by earlier forecasts.

While there must be a range of uncertainty about the exact figures, the normal time-lags which operate between changes in output and subsequent changes in employment would point to a continuing upward trend in unemployment for some months at least in 1976, rather than an early levelling out.

The Government has made it clear that in the current economic climate it is depending principally on export demand in the first stages of any recovery—a major difference from previous cycles, when a world recovery was generally accompanied by a deliberate boost to demand at home.

Meanwhile, the Department of Employment attempted to relieve some of the general gloom about the unemployment trend yesterday by pointing out for the first time the huge flows on and off the official register each month.

The monthly flows are remarkably high. The average monthly flow on to the unemployment register was 427,400 (seasonally adjusted) in the three months ended September, and during the same period the flow off the register averaged 360,900.

These figures are not strictly comparable with the usual seasonally adjusted statistics. They include people looking for part-time work, and who are not claimants for benefit, and also adult students—neither of which category figures in the usual monthly seasonally adjusted total. But they are regarded in Whitehall as a good guide to the size of flows.

A regional breakdown of the figures shows that although the biggest rise in unemployment was in the South East this month, at 3.3 per cent. the unemployment rate in the South East was still much lower than in the rest of the country. It compares with 4.9 per cent. in the East Midlands, 6.3 per cent. in the North East and 5.6 per cent. in Scotland.

Editorial Comment, Page 18

SPAIN'S RULER 'CRITICALLY ILL'

Battle is on for Franco's resignation

BY ROGER MATTHEWS

SPAIN'S 82-year-old Head of State General Francisco Franco is seriously ill to-night and the battle is on for his resignation.

A statement issued from the Pardo Palace this evening said the General had suffered "acute coronary insufficiency" this morning but was now progressing satisfactorily.

He had already resumed some of his normal activities and received Prime Minister Carlos Arias at 7 p.m. for a 45-minute interview.

Senor Arias hurried to the Pardo this morning when he was first informed of General Franco's serious condition. He remained there for more than two hours before embarking on a series of crucial talks with leading political figures.

Most members of the Government opposed General Franco's decision to resume powers last September after he had handed them over to Prince Juan Carlos for six weeks during hospital treatment for phlebitis.

Now there is a fresh determination that the General should finally renounce, but this time coupled with a pledge that he will not seek to take back his powers at a later date.

Hostility

The Prince, designated successor in 1969, is understood to take the same view, and had two long sessions of talks with the Prime Minister during the day.

However, they face the almost certain hostility of key members of the Franco family, and certain Civil War survivors who have retained the ear of the Caudillo.

Two grim-faced members of the Franco family told friends privately this afternoon that the General was in a serious condition and they both felt it would be "inhuman" for him to be asked to continue in power any longer.

The Prime Minister is understood to be basing his arguments for resignation on the critical problems facing the nation: basically the dangerous situation in the Spanish Sahara, the recent outbreak of domestic violence, the difficulties in foreign relations and the continuing downturn of the economy.

Throughout most of the day, the spokesman at the Pardo Palace insisted that General Franco was recovering satisfactorily from a mild attack of influenza. Even some Ministers were kept largely in the dark.

But there is no doubt that in the early hours of to-day, Gen. Franco suffered a moderately serious heart attack which necessitated a team of cardiac specialists hurrying to his bedside.

The key meetings of the day were between the Prime Minister and Sr. Rodriguez de Valcarcel who holds the vital constitutional posts of President of the Cortes (Parliament) and is chairman of the Council of the Realm and of the three-man Council of the Regency.

Undoubtedly, the Prime Minister is trying to swing Sr. Rodriguez de Valcarcel, who has a hard-line image, behind his initiative to get Franco to resign.

Now that doctors have stated that Franco is improving slightly, the battle could continue for several days.

EEC may take U.K. to court over haulage regulations

BY ROBIN REEVES BRUSSELS, Oct. 21.

IN A MOVE which could involve Britain in another major Common Market row, the Brussels Commission has warned the Government that it may be put in the dock of the European Court if it refuses to apply EEC regulations governing working conditions in the haulage industry from January 1 next year.

The warning is contained in a formal and highly embarrassing reply to the Government's request for a two-year postponement before applying the EEC regulation limiting drivers to an eight-hour day — instead of the present 10 hours — and an indefinite postponement of the introduction of tachographs to drivers' cabs.

The Commission's letter firmly points out that Britain committed itself to applying these regulations when it signed the Treaty of Accession to Community membership, and it sees no legal basis for its not doing so.

"In the circumstances, the Commission implicitly asserts, it may have no option but to take the Government to the European Court "for breach of its treaty obligations."

"The Government is bound to be bitterly disappointed, indeed angry, at the hard line being taken by the Commission, and also at the fact that the Commission's reply to its request did not arrive in time to be discussed at last week's Council of Transport Ministers. Commission officials are blaming administrative procedures for the delay.

Dr. John Gilbert, U.K. Transport Minister, explained to the Council that Britain would find it impossible to meet the EEC deadlines, a position which received some sympathetic backing from the other two new EEC members, Denmark and Ireland.

All other EEC members are generally in favour of the regulations being applied as planned, and the Commission's stern riposte to the British request for a postponement undoubtedly weakens chances of a political compromise being found to override Britain's legal obligations, when the issue comes up for a final decision at a Transport Council set for December.

The January 1, 1976 deadline for reducing drivers' maximum hours from 10 to eight was agreed by the Council of Ministers of the original Six in 1969 and accepted by Britain in the subsequent entry negotiations.

The regulation requiring the haulage industry to fit tachographs to its vehicles and monitor drivers' hours, is also due to come into force on January 1 for new vehicles and lorries carrying dangerous loads. All vehicles will be required to carry them after January 1, 1978.

The U.K. Government's position is being dictated by the staunch opposition of both employers and unions in the road haulage industry to adopting the EEC standards.

The employers are baulking at the cost and lack of flexibility in their operations which applying the regulations will entail.

The unions, headed by Mr. Jack Jones, of the Transport and General Workers, see the measures as a threat to their members' overtime earnings and object to tachographs on principle, preferring to call them "spies in the cab."

Arthur Smith writes: The Freight Transport Association was emphatic last night that it would be physically impossible for operators to comply with the tachograph and driving hours regulations by next January.

Merely to fit the tachographs was a lengthy operation which would involve taking vehicles out of service, it said.

Even if the controls were adopted by the EEC, the British Government had not yet initiated discussions with the industry to work out the detailed supporting regulations governing such issues as possible exemptions and penalties.

The FTA calculates that operating the tachographs and the revised driving hours would cost the industry £850m. a year.

Big fall in new U.K. ship orders

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE BRITISH shipbuilding industry won orders for only nine commercial ships totalling 4,200 gross tons in the third quarter of this year—the lowest quarterly intake of work since the war.

The orders bring the total of contracts won in the first nine months to 34 ships, aggregating 37,600 gross tons, which is less than the size of a "handy-size" oil tanker.

The normal annual output of the U.K. industry is about 1.2m. tons. This year's negligible intake of new orders is resulting in a rapid run-down in the order book.

The Shipbuilders and Repairers' National Association has accused some overseas shipbuilders, particularly the Japanese, of "dumping"—quoting fixed prices 30 to 40 per cent. below European production costs.

Against this background the shipbuilding industry is calling for effective Government support to secure new work and so "ensure the survival of the industry."

The appeal comes after last week's news that Swan Hunter, the U.K.'s biggest shipbuilder, has been having talks with the Department of Industry and that the firmness of some of the group's orders from Maritime Fruit Company, a major customer, may be suspect.

The volume of orders won so far this year compares with 800,000 tons obtained during the same period of 1974, when shipyards were already suffering from the oil-induced recession.

This shortfall in new work has led to a reduction in the industry's order book which, because of the 1973 boom in orders, still appears healthy. At the end of September the order book stood at 294 vessels of 5.4m. gross tons—valued at £1.25bn.—109 ships and 1.8m. tons below the level of a year ago.

Employment

Announcing these statistics yesterday the Shipbuilders and Repairers' National Association gave a warning that, if Government support was not forthcoming in advance of nationalisation of the industry, ship orders would be taken by overseas competitors.

While the U.K. order book looks on the surface strong enough to carry the industry over the next two years, a number of shipyards believe that, because of the slump in the tanker industry and the worldwide recession, some contracts may be suspect.

Moreover, the SRNA reported yesterday, "it has to be remembered that orders are not distributed evenly throughuot the industry and some yards will be in need of new contracts within the near future if employment is to be maintained."

The industry has been aware of this developing situation since the collapse of the tanker market at the end of 1973 and has been asking the Government as a matter of urgency to consider a national policy for shipbuilding.

"While, internationally, shipbuilding is facing a difficult period, the U.K. is hampered by additional domestic problems, including inflation and the proposal to nationalise the industry."

Although nationalisation had been overhanging the industry for almost two years and there would be at least another year of uncertainty, the association argues that in present circumstances nationalisation plans are almost an irrelevancy.

"The prime concern must be to ensure the survival of the industry, and this can only be achieved with effective Government support to secure orders which will otherwise be taken by competitors able to quote fixed prices below European production costs."

£ in New York

	Oct. 21	Previous
Spot	$2.0635-0645	$2.0620-0635
1 month	1.10-1.05 dis	1.10-1.05 dis
3 months	2.72-2.67 dis	2.65-2.55 dis
12 months	8.35-8.25 dis	7.90-7.80 dis

LOMBARD

The loss of our independence

BY C. GORDON TETHER

THE Chancellor of the Exchequer's speech at last week's Mansion House banquet shows how far the Government has now allowed itself to be persuaded that the sterling crisis has fatally compromised the country's freedom to control its own destiny—leaving us with no alternative but to grin and bear a high level of unemployment and all our other present economic discomforts until, in the fullness of time, an improvement in the world climate hopefully brings relief.

And what must make the latest reappearance of this tired old theme particularly exasperating to a long-suffering British public is that it is being presented by the very politicians who in the past insisted that it was both misguided and quite unacceptable.

Sir Roy Harrod, the veteran Oxford economist, ringed round the full-blooded way in which the Labour leadership has changed sides on this fundamental issue when he drew attention in our correspondence columns yesterday to "a most extraordinary paradox" in the Chancellor's Mansion House peroration—Mr. Healey's assertion that the Government was not taking measures to reduce unemployment "because they would increase the balance of payments deficit and rekindle the flames of inflation."

Utterly wrong

Sir Roy explained that, though a Conservative, he had often felt impelled to vote Labour because he was under the impression that the party would give top priority to the reduction of unemployment—rectifying any consequent worsening of the external balance through import restriction and dealing with any resultant spiralling of wages and prices by introducing wage and price controls.

He was under this impression, of course, because from the early 1960s onwards Labour identified itself with a simple proposition. It was that it would be utterly wrong to allow the course of Britain's economic policy to be determined by the behaviour of the balance of payments and by the foreign interference in our affairs that this was apt to provoke.

The party's successful appeal to the electorate in the 1964 General Election was based in significant measure on its declared intention to tackle the obstacle to economic advancement presented by the ebb and flow of the £'s fortunes and by the stop-go form of economic life associated with this process. In more recent years, its advocacy of adherence to the floating exchange rate has been based on the argument that this would enable domestic economic policy to be developed free from the foreign interference that was apt to become inevitable when international bankers were put in a position to breathe down Britain's neck.

Manifestly, all this has now been totally forgotten. The "inevitability" of having to bow to the exigencies of the balance of payments situation is currently being highlighted just as much as it has been in the past—if not more. Measures to combat the growth of unemployment are ruled out because initially they would increase the balance of payments gap—as they obviously could do if the Government failed to make use of the simple device of import restriction to prevent that happening.

A luxury

Moreover, notwithstanding the "independence" that is supposed to have been derived in the policy-making sense, from leaving the value of the £ to be determined by the free play of market forces, we are informed that we still cannot afford to stop looking over our shoulders to see whether the international banking community approves of what we are doing. "Our creditors will be taking a close interest in the way we manage our domestic affairs," said the Chancellor, explaining to his Mansion House audience why the Government was having to reckon on keeping the economy on a tight rein for some time to come.

Yet this is an approach that has done nothing for this country except to take it further and further down the road to perdition by constantly impeding the work of reinforcing the country's basic economic structure. This is, indeed, precisely what it is going to do now. For, as the latest statistics relating to capital development intentions show, the prospect of the present recession continuing indefinitely is having the most serious effect on the willingness of the business community to undertake new outlays in Britain.

How is one to explain the fact that, though they showed themselves well aware of the lessons taught by a quarter of a century of British experience while out of office, Labour leaders have been unable to resist falling back on the old discredited rituals once inside the corridors of power? Is it because, once in office, they are apt to be blinded with international financial science by those who have a vested interest in preserving the myth that economic independence is a luxury that this country can never afford?

Whatever the explanation, it is an attitude that should now be subjected to the most rigorous examination.

FT CLIPPER RACE

British crew leads in Indian Ocean chase

By Alec Beilby

THE CREW of Great Britain II reported yesterday—Trafalgar Day—that they have maintained their lead of about 200 miles over the French ketch Kriter II as the two yachts chase across the southern Indian Ocean towards Western Australia.

After two days' relatively slow progress in headwinds at the end of last week, Great Britain then bettered 250 miles on two consecutive days but slowed again on Monday, while the French, now tracking north to the 40th parallel, managed 420 miles during the last two days.

Despite problems of head wind, Great Britain and Kriter are five and four days respectively ahead of the position of the clipper Patriarch as at the 50th day of her 69-day voyage from London to Sydney in 1869. Communications have been difficult for both yachts and neither has been as voluble as during past weeks.

The Dutch aboard Great Escape are also struggling as they round the African continent, having obviously sailed too close to the south of the South Atlantic high pressure area, while no reports have been received from the Italians aboard CS e RB II for 10 days.

Meanwhile, after the announcement from the R.O.R.C. last week that Britain will field a team in the Southern Cross Cup series at Sydney this winter, Qantas Airways, in league with a London travel agent, are arranging a special yachtsman's package tour escorted by round-the-world sailor Robin Knox Johnston.

Those making the tour will see the Middle Harbour yacht race in Sydney, the re-start of the FT Clipper Race from Sydney to London and the start of the classic offshore race from Sydney to Hobart, Tasmania, on Boxing Day. Qantas Airways are official carriers to the Clipper Race crews.

Great Britain II—Oct. 21, 09.00 GMT 45deg. 30min. S. 79deg. 35min. E.
Kriter II—Oct. 20, 18.00 GMT 42deg. 10min. S. 72deg. 15min. E.
Great Escape—Oct. 20, 12.00 GMT 32deg. 22min. S. 02deg. 30min. W.
CS e RB II—No recent report received

Special R & D subsidy urged

THE GOVERNMENT was urged yesterday to provide a special subsidy to avert threatened cutbacks in industry's research and development programmes.

Leaders of the Association of Professional Scientists and Technologists yesterday warned Mr. Gregor MacKenzie, Minister for Industry, that Britain's future economic prospects were being threatened by redundancy programmes in science-based high technology industries.

RACING BY DARE WIGAN

Chances for Eddery and Hide

THOSE TWO fine riders, Pat Eddery and Edward Hide, who might well have competed for the season's jockey championship, if Hide had not been injured, can dominate to-day's flat programmes. Eddery is at Sandown and Hide in Redcar.

Eddery, whose chances of achieving a double century for 1975 now seem somewhat remote following a tail off in winners during the past few weeks, can oblige on three, *Isolate* and *Fall To Pieces* from Peter Walwyn's stable, and the Herbert Blagrave trained *Realistic*.

In a race which should be well within his compass I hope to see the progressive Isolate oblige by outpacing Montespan, a fair fourth at Goodwood on his only previous appearance.

Fall to Pieces, among the runners for Granby Plate (2.00) from which Glastonbury and Trusted have both been withdrawn, need only reproduce the form which enabled her to finish a close third to Bens Bridge in an 18 runner maiden event at Lingfield to account for the somewhat disappointing Air Trooper.

Hide, who almost certainly rides Redcar better than any other jockey in the country, can achieve a treble on the East Yorkshire track through *Thirlestone* (2.15), *Beau Dutch* (3.45) and *Captain Webb* half an hour later. Of this trio, Beau Dutch, a head runner up to Baligreat in a 19 runner maiden event at Leicester a month ago, appeals as the best betting proposition in the Edton Plate (in which Calor could provide the chief threat).

That smart two-year-old *Catalpa*, who had the misfortune to run up against Dutch Treat at Haydock before going on to score with ease at Ayr, ought not to be extended to make it a double in the Ruswarp Plate (2.45).

SANDOWN
2.00—Fall to Pieces*
2.35—Isolate**
3.10—Tintoretto
3.40—Bowling Alley
4.15—My Ginny
4.45—Realistic

REDCAR
2.15—Thirlestone
2.45—Catalpa
3.15—Habilite
3.45—Beau Dutch***
4.15—Captain Webb
4.45—Cheyenne

CHELTENHAM
2.00—Remigio
2.30—Neon Star
3.40—Cabalva

SALEROOM BY ANTONY THORNCROFT

Lord Swinton's £255,000 sale

CHRISTIE'S was extremely busy yesterday, completing the sale of the contents of the Earl of Swinton's home at Masham, Yorks.; selling Victorian drawings and studio pottery in King Street; and making a record for a metal motoring mascot at its South Kensington saleroom.

Pictures and drawings in the marquee at Masham sold for £55,044. The Earls of Swinton owned better pictures than this modest total suggests, including four Romneys, a Hals and a Teniers, but the choicest works will be auctioned at King Street next month. The best price of the day was £9,450 by a private collector for a Sir Edwin Landseer The Swannery Invaded by Sea Eagles. There was £5,775 from the London dealer Bucknell for a Bay of Naples landscape by William James Muller.

The contents of the house library were sold in the afternoon for £24,343, making a total for the two-day sale of £255,575. The top pre-sale estimate was £221,000.

Christie's at South Kensington sold motoring mascots for £9,367 and a silver-plated ciné-camera, mounted on a radiator, made in the U.K. about 1931, set a record for a metal-based mascot of £350. The glass mascots fetch more, as illustrated by £380 for a Lalique glass plaque carved with a naked archer.

Victorian drawings and watercolours at Christie's went for £33,346, with a pen and grey ink drawing by Rossetti of *Dante in Meditation* exceeding its forecast at £2,205.

The top prices of the day were paid at a Sotheby sale of Continental ceramics totalling £134,368. An early Meissen tankard and cover was bought by Ferminger for £10,000 (forecast £6,000-£8,000).

Robson Lowe sold Norwegian stamps for £79,997. Sotheby's Belgravia got £17,615 from Victorian paintings. Sotheby Mak van Waay in Amsterdam sold wines for £84,710 at its second wine sale. Phillips made £49,017 from furniture and £54,183 from jewellery. Spencers of Retford sold the contents of Birkett House, near Worksop, for £19,481.

GARDENS TO-DAY

A fascinating diary

BY ROBIN LANE FOX

GARDENERS' DIARIES are, to my mind, a very good read. You can see men coping with your same problems, trying solutions which you now know to be hopeless or coming up with a new experiment which has never been publicised but which they claim as a success.

Seasons can be matched together, 1912 with 1975, and dates and crops compared. The exemplary energy of the past spurs one on. Gardening is a private business, but the diaries and journals of a working gardener break through the privacy of a hedge or four walls and remind one that others, throughout the years, have hoed a similar path.

Rare treat

A gardening diary from Gilbert White, no less, is a rare treat. There are allusions in his famous Natural History of Selborne (1789) to gardening matters, but the Journal in which he noted them day by day has only once been printed, and then not accessibly.

If the Natural History mentions his melon-pit or hot-bed, it is only as a background to something else, to the sight, say, of a mother field-mouse breaking cover from the manure with four young field mice still clinging resolutely to its nipples. The strong natural affection of animals is there made the topic of the moment.

But as one can now see from this reprint of the garden Journal, the hot-beds and melon pits had been the daily affection and concern of the author. From 1751 until 1771, intermittently, he kept a day-book of his gardening. The Scolar Press have made their usual fine job of it, reproducing it in facsimile from the British Museum's manuscript copy. White's handwriting is pleasantly legible. The new edition costs £14.50.

"See, Selborne spreads her boldest beauties round the varied valley, and the mountain ground . . . ." White's Natural History of this Hampshire region has now gone through more than 200 editions and, as Mr. Clegg, ex-Curator of the White museum points out in an excellent introduction, it may well be the fourth best-selling book in the English language. I wonder.

More important, it is the record of a naturalist who had little of the vile jealousy of the modern professional and none of its cumbersome style.

White's English was suited to his deceptively obvious technique, the exact observation of wild life, especially birds. Even his occasional notes keep up the same smooth level. June 22 and 23, 1764: "thunder in the morning and a little shattering of rain, being the skirts of the storm . . . such gluts of rain near Odiham as did vast damage to the crop. The grapes of Mrs. Snooke's black cluster fairly set. The black Hambro, sweet-water and Muscadine but just blowing."

The black Hambro before you revise the City's history, must be his spelling of Hamburgh. His diaries leave me wondering when we dropped the lovely adjective "vast" from our everyday vocabulary.

"Vehement, hot, dry weather" is another sad loss, and who would not grow the "pendulous Amarath"?

Visitors to Selborne can still imagine White's garden from the restorations carried out by the Gilbert White Museum and others. The Whites had taken on seven acres of garden round their cottage, although it was mostly a series of walks through grass fields. When Gilbert White left his Fellowship at Oriel College, Oxford, and became curate of Selborne and another Hampshire parish, he took the Selborne garden more seriously in hand.

Awful soil

The soil was awful. A thick clay required wheelbarrow-loads of ashes from the blacksmith's forge, abundant manure, soot from the malthouse, tan-waste from the tan-yards of Alton and the soil from mole-hills. Gradually, the flower garden was extended until White was planting out collections of British wild flowers, hellebores and the like, over the facing hillsides. The fashion for wild flowers in wild gardens is not a new one.

Fashion, indeed, has seldom been stronger in the garden than during the mid-eighteenth century. At Oxford, Gilbert White had known the poet Pope; he visited Stowe and as his own insertion of a ha-ha into the Selborne garden proves, he applauded the leap from the garden into Nature which the new informal school had encouraged. Mr. Clegg is probably optimistic when he writes: "We can reasonably assume that the debate on gardening, which was but part of a wider discussion of man's place in nature, was echoed in Oxford's common rooms." On current form, White's interest in the new gardening would not ha[...] from such a source.

The Journal may no[...] be varied and expansive but it leaves one wi[...] impressions. First, t[...] century gardener liv[...] manure far more than allowed to by the mot[...] the chemical industry. T[...] have long appendices n[...] loads of dung "borrowe[...] a joy to see this, if [...] mistrust the packeted co[...] which give no spongine[...] soil.

Second, the gardene[...] cucumbers and melo[...] recurrent theme in ever[...] White's journal. W[...] bothers with a m[...] Indeed, I have aband[...] ambition of growing [...] because of the cost of h[...] and soil-warming cables.

White had none of th[...] used a glass frame and steaming manure so hot [...] breathed off clouds of v[...] those April mornings, [...] records "thick ice." Th[...] crisis must not, ther[...] deterrent.

Third, he experimen[...] melons, sea-kale, new potatoes (he is one of [...] known private gardener[...] made a serious attempt and even with maize, [...] increased for himself. [...] a splendid entry which his carrying of two melon seeds for two m[...] his breeches pockets in [...] warm them and dry [...] recommended (surely [...] for growers who war[...] heaviest crop of fruit. [...] not experiment you can[...] your gardening for very [...]

Different climate

Lastly, he must ha[...] living in marginally [...] weather. His winters [...] extreme when they are [...] sowing-dates are often s[...] early. Maybe his gar[...] sheltered, but I am in[...] believe that 1963 has [...] beginning of a differen[...] climate. We all kno[...] happened to this yea[...] fessional prophets [...] imminent Ice Age. I b[...] an imminent fog-and-[...] Age, and if you dis[...] suggest you consider Wh[...] book carefully, the [...] memorial to a great n[...] who, one cannot help [...] had the best of life in da[...] life could be better [...] English garden than a[...] else in the West.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.15 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.30 p.m. Day and Night. 12.55 News. 1.00 Pebble Mill. 1.45 On the Farm. 2.01 For Schools, Colleges. 4.00 Play School. 4.25 Roobarb. 4.30 Jackanory. 4.45 These Are the Days. 5.05 John Craven's Newsround. 5.15 The Hill of the Red Fox. 5.40 The Wombles.

5.45 News.
6.00 Nationwide.
6.40 "What A Carry On!"
8.10 Softly, Softly: Task Force.
9.00 News.
9.25 Sportsnight.
10.45 To-night.
11.20 The Sky at Night: New Star in Cygnus.
11.40 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Bam-Bw! 6.00-6.40 Wales To-day. 6.40-7.10 Heddiw. 7.10-7.40 Penigamp. 7.40-7.45 Cartoon. 7.45-8.10 Globe-trotter. 11.40 News.

Scotland—10.23-10.43 a.m. For Schools in Scotland. ...

F.T. CROSSWORD PUZZLE No. 2,912

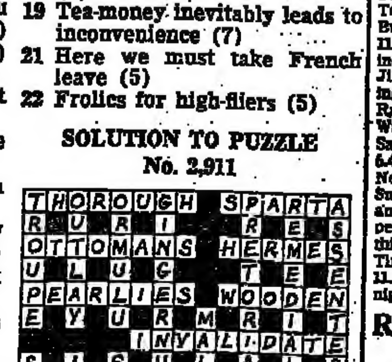
ACROSS

1 and 4 The nations' get-together is mere veneer (6, 6)
8 An inconstant whereat we often grumble (7)
9 Salary with a hint in despatch (7)
11 To be generous, Mrs. Mopp is competent after it (10)
12 Outfit to match (4)
13 Defamation is involved in such a campaign (5)
14 You'll be caught out if you meet delivery with this (4, 4)
16 "John —— my jo" (Burns) (8)
18 Colossal—see Brown about it (5)
20 A castle we have to preserve (4)
21 Once no lady perhaps but a well-known writer (5, 5)
23 Subjects to political scrutiny but protects from censure (7)
24 The girl has to hook an artist (7)
25 Any woman in America can be found in hospital (6)
26 Vorster's verandahs (6)

DOWN

1 Forward novel (5)
2 Music President from Helicon (7)
3 Great and small! they are all divinely made (9)
5 Odd change of route (5)
6 Deadlock for self-confessed square (7)
7 One who gets the call may often be in suspense (7, 2)
10 Temperate, not present about the money (9)
13 Decisions transmitted on change of scene (9)
15 Mean worker keeping an official eye on things (9)
17 "—— of this fair world, resplendent Eve" (Milton) (7)
19 Tea-money inevitably leads to inconvenience (7)
21 Here we must take French leave (5)
22 Frolics for high-fliers (5)

SOLUTION TO PUZZLE No. 2,911



BBC 2

LONDON

ANGLIA

ATV MIDLANDS

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 3

RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. (01-836 3161.) ENGLISH NATIONAL OPERA. Tonight and Sat. 7.30 La Traviata. Tomor. 6.30 War and Peace. Fri. and Tues. 7.30 The Seraglio.

COVENT GARDEN. 240 1066. THE ROYAL BALLET. Tonight and Tomor. 7.30 Romeo and Juliet. Sat. 7.30 Four Schumann Pieces. The Two Pigeons. Mon. 7.30 Swan Lake. Seats available Sat. THE ROYAL OPERA. Fri. and Tues. 7.30 Il Barbiere di Siviglia. Seats available.

THEATRES

GREENWICH THEATRE. 01-858 7755. Evenings 8.00. Mat. Sat. 2.30. Noel Coward's THE VORTEX.

HER MAJESTY'S. 930 6606. Evgs. 8.0. Mat. Wed. 3.0. Sat. 5.0 and 8.30. Richard JOHNSON, James SMILIE, Dilys HAMLETT, Caroline VILLIERS in London's Beautiful New Musical THOMAS AND THE KING.

KING'S ROAD THEATRE. 352 7488. Mon. to Th. 9.00. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW.

THEATRES

STRAND. 836 2660. Evgs. ... Mats. Thurs. 3.00. Sat. 5.30. JEAN KENT, RICHARD CALDICOT, ... NO SEX PLEASE, WE'RE BRITISH. Directed by Allan Davis. LONDON'S LONGEST LAUGH.

TALK OF THE TOWN. ... From 8.15. Dining and Dancing. New Revue SWEET TEMPTATION and at 11 p.m. CLEO LAINE. Opening Monday next ROY CASTLE.

CINEMAS

هكذا من الأصل

evision

Grey-Greene

by CHRIS DUNKLEY

…en Thames Television held …rticularly pleasant lunch at … last month to launch its … series *Shades of Greene*, …ugh Greene declared with … conviction to the assembled …any of television executives, …s, publishers, adaptors and …icers that this was the best …sion series ever made in …n. Not the best drama …, not the best set of adapta- … nor the best ITV series— …e best, *full stop*.

…it is a very big claim to- … Even allowing for the … that his brother, Graham …e, author of the short …s from which the series has … adapted, was guest of …r at the lunch; and even … taking into account Sir …'s own employment on the … as story consultant, and adding yet more leeway in … of the euphoria natural on an occasion, the claim was …o momentous — coming as …f from one of the most …ng, innovative and re- …d director-generals that the …ever had—that it gave rise … quite extraordinary degree …ticipation. It did for me, …y.

… first result was that on …ing episode one, "When … Meets Greek," my feelings … not mainly of disappoint- …—as they would have been … *Hugh* had never uttered— …f outright incredulity. The …result was a great increase … respect I felt for Graham …e, because he had been …t and realistic enough at …ules lunch to express dis- …ntment at the treatment of …n Greek Meets Greek." …ver he had been outspoken …h to identify (accurately) …f the main faults as being …cting to the point of old …ned mugging.

…course it *would* be quite … to judge this series simply …ciding whether or not it …up to a a single snatch of …iced hyperbole from Sir … *Unhappily, however, there* … need to employ such im- …le criterion in order to …e that (so far, at any rate) …ries is a great disappoint-

…vision is a voracious con- … of talent and of genius. … even as few as three …els running simultaneously …ening, every evening, 365 …of the year—ignoring day- … transmissions on the …ption that they are over- …ingly broadcasts of old …ial or of special schools' …mmes — the broadcasting …sations will inevitably find …ossible to sustain a level …iginality or inventiveness … to that of other forms of entertainment (theatre, …a, literature) which are … *much more economical*, … might say more mean, in …se of talent.

…sidering the immense quan- *produced, the astonishing* … about British television is not how much of it is mediocre, but how much of it is good—and the truly amazing thing is that such an impressive proportion is by global standards very good.

It remains true, however, that the rate at which it consumes talent from those *other* art forms which are television's ancestors, parents and siblings is really rather appalling. Consequently the broadcaster is under a particularly serious obligation when the material he is using is among the best of its sort, whether it comes originally *from* the cinema, the opera house, the theatre, or as in this instance from literature. That is not to say that television has a duty to deliver a slavish rendering of the original. Far from it. Television producers must be expected to borrow and adapt as freely as poets and *playwrights and* musicians always have.

At the same time one must bear in mind that Graham *Greene is the best living writer of* fiction in the English language, and it would be a criminal waste to take such superb material and *make* really bad television out of it. When Thames Television persuaded Greene (after years of refusals of all television offers) *to agree to adaptations, they not* only achieved a great coup but also took on a great responsibility.

All the evidence *suggests* that *series producer Alan Cooke was* well aware of this: he commissioned a collection of the country's leading television dramatists and adaptors to translate the stories from *page to* screen, and hired many of our best—and presumably most expensive—actors and actresses. There have been few, if any, television series which could boast a list as impressive as Paul Scofield, Virginia McKenna, Leo McKern, Harry Andrews, Elizabeth Sellars, Elaine Stritch, Donald Pleasence, John Le Mesurier and Betsy Blair in the first five episodes.

Yet none of this has done the trick. *Cooke and his directors* have not made the stories into really bad television, but they have certainly managed very *little that can be called really* good. Perhaps one of the main reasons can be found in the very first production, "When Greek Meets Greek," *which* was, significantly, not only produced but also directed by Alan Cooke himself. Significantly because it exemplified a certain style which has run noticeably if not entirely consistently through much of the other work in the series which I have seen (I missed William Trevor's adaptation of "Two Gentle People"): The assumption has to be made, *therefore, that it is a style* which was quite deliberately chosen and developed by Cooke—since *it hardly seems likely that* Alvin Rakoff director of "Cheap In August") Alastair Reid ("The Root Of All Evil") and Philip *Saville* ("*A Little Place Off* The Edgware Road" and "The Blue Film") would all choose quite independently to work in such similar styles.

Cooke has favoured a very mannered style, one of overstatement in which everything tends to be larger than life. The trouble is that it has been taken too far. It is not difficult to imagine one way that this could come about: Greene's short stories are, mostly supremely economic. They give the impression that character, situation, atmosphere, even narrative have been reduced and reduced until—like meat stock—all that is left is the heavily concentrated goodness after all extraneous material has been boiled off. Faced with the problem of finding an analogy to suit television a producer might easily decide that, for a start, working mainly in studio will fine down the focus and help to concentrate the activity. (Though of course budget restraints could lead to a heavy reliance on studio, too).

Then it might be considered that to help with the approximation of Greene's strong flavours, an almost Victorian style of heavily mannered acting should be used, particularly in the comedies. Hence the over vigorous hamming of Roy Kinnear in "Greek Meets Greek" and the equally exaggerated antics of Pleasence and the others in "The Root Of All Evil." On the stage "We'll all *have to meet*" (*point, point with* index finger) "secretly!" (nod, nod pursing of the lips) might possibly come across as success*ful* comedy business. In close-up on television it looks about as subtle as a pantomime dame getting her message through to the back of the stalls.

There have been occasions when this style has been absent and they have been easily the most successful periods of the series so far: the final scene on the hotel bed between Leo *McKern and Virginia McKenna* in "Cheap In August" which could so easily have been embarrassing, maudlin, or just plain *unlikely-looking* was actually very touching. And last week the double bill which started with the hopelessly over-stretched *and again* too-heavily mannered "Little Place Off The Edgware Road," ended with "The Blue Film" which was far and away the best of the plays so far. It was hard to believe that the same man (John Mortimer) adapted both plays.

From the subtle use of Bryan Ferry's camp seventies version of "Smoke Gets In Your Eyes" on the pub juke box to Mortimer's development of the wife's early scorn at her husband's life as a youth, all the additions to Greene *worked, the original Greene* itself was made to work, and the double climax which could have been lost on television by *a timid producer or director was* allowed to come out forcefully.

Graham Greene on the location site of this week's story from 'Shades of Greene' (Thames)

Corinne McCarthy

Wendy Hiller in 'Lies,' which opened last night at the Albery

Covent Garden

Il barbiere di Siviglia

by ELIZABETH FORBES

Covent Garden's 15-year-old *production of Il barbiere di Siviglia* returned to the opera house on Monday, but in a totally transformed condition. Since the previous revival last March, the sets originally by Jean-Denis Malclès, have been redesigned by Moshe Mussman, who has also provided new costumes. Though the changes are not quite as radical as in the "new" *Peter Grimes*, they are sweeping enough to accommodate a production, by Michael Rennison, that is the absolute antithesis of the old, conventionally comic one. Mr. Rennison has had the simple, but brilliant idea of playing the piece absolutely *straight, and the result is not* merely the most enjoyable *Barber* I can remember at the Garden, but also one of the *funniest*.

The humour, of course, stems from Sterbini's witty text; from the situations and characters taken over from Beaumarchais' original play: above all from Rossini's marvellous, intrinsically brilliant and mirthful score. But the transformation does not stop with the sets and the production. Musically this *Barber is also a revelation*. Alberto Zedda, whose spring-cleaned edition of the score has been used for some years at Covent *Garden, is the* conductor, and he has reinstated large portions of the recitative always before in this production at least, omitted. He has also opened sundry other cuts. As the new sets allow the two scenes of Act I to play without a pause, there is sufficient time for the extra music.

There is also time for some music nobody in the theatre is likely ever to have heard before. Mr. Zedda, though he has previously been on record as pre*ferring a mezzo* Rosina, on this occasion has settled for a soprano. Furthermore, he has let her decorate her music con*siderably, and has provided her* with an extra aria, one which Rossini himself provided for Joséphine Fodor-Mainvielle in *1819*.

Miss Welting, who made an unexpected début at the opera house last February as Oscar in *Un ballo in maschera*, makes a charming Rosina, youthful, high-spirited, determined without aggressiveness. She sings the vocal embellishments with such good taste, and invests them with such appropriate expression, that all one's prejudices against a coloratura Rosina vanish. Luigi Alva, a survivor from the production's first cast, is still the most stylish Almaviva to be found anywhere. His elegant phrasing, superb diction and aristocratic bearing—even when pretending to be drunk—are a model for all lyric tenors to emulate if they can.

Thomas Allen is an excellent Figaro, agile-voiced and energetic. His basic approach to the role is serious, which fits the production's new look perfectly, but he too has the resilience and geniality of youth. Gabriel Bacquier, singing the role of Bartolo for the first time, makes a rather endearing Doctor; *genuinely, if ridiculously in love* with Rosina, he resembles an amorous ostrich as he leans yearningly towards her.

Forbes Robinson, a Basilio for once decently dressed, without umbrella or filthy handkerchief, sings his Slander aria resonantly, and heroically avoids any clowning. Elizabeth Bainbridge, clad in Victorian maid's uniform, *makes a demure* Berta. Mr. Zedda's conducting is unobtrusive; the orchestra played well for him.

New Music in Hungary—1

by DOMINIC GILL

The Days of Contemporary Music in Budapest this year consolidated the new tradition tentatively established 12 months ago, when new music was included as a category in the Budapest Music Weeks for the first time. Hungary now has a full-blown and fast-growing festival of contemporary music. Its products are still, as they should be, chiefly home-grown; but this year, for greater contrast and variety, the net was cast more widely than before. Programmes *generally were as likely to in*clude pieces by Messiaen, Stockhausen, Xenakis or Cage, as by Durkó, Mihály, Bozay or Láng. Krzysztof Penderecki was invited from Poland to conduct a programme of his own orchestral works. Visiting artists included such diverse talents as the excellent "aulos" trio from East Germany; the young Japanese conductor Kobayashi Ken-Ichiro; and, passing by on a journey from Australia to London, Cathy Berberian.

Of the Hungarian composers *who particularly impressed me* last year, it was this year György Kurtág who was given the most comprehensive public pre*sentation, with an evening* devoted entirely to his work. The emphasis was justified. It might be unfair to some of his *contemporaries to say that* Kurtág, born in Lugos in 1926, a pupil of Sándor Veress and Ferenc Farkas and later in Paris *of Messiaen and Milhaud, was* the first Hungarian composer of his generation to break convincingly from the Kodály axis and write in a style wholly and distinctively his own. But he was certainly one of the first composers of his generation to achieve official recognition in his home country as well as notice and interest abroad; and it was around him during the 1960s that a new group of composers quickly came to prominence—some of them pupils of music schools in Rome and Paris, others merely visitors to Darmstadt and Warsaw—who were the first to carry *forward* the banner of the New Music in Hungary, no longer content to continue with the *same* precarious re-working and re-stitching of "*traditional*" pre-war styles.

I arrived in Budapest the day after the Kurtág concert, but was lucky enough to hear it later at the Hungarian Radio on tape—a long programme, which began with Kurtág's opp. 1 and 2, the delicately Webernesque, all the same but robustly underivative string quartet and wind quintet, and ended with *The Sayings of Péter Bornemisza*, a "concerto" for soprano and piano composed, in 1968, *remarkable for the economy and* richness of its working, full of subtle combination and interaction between instrument and voice. Kurtág's opus is not large; he composes slowly, with extreme self-critical restraint. *Szálkák* ("Splinters") for solo cimbalom, which I heard at last year's festival, played by the brilliant Márta Fábián, was the first new work of his to be given anywhere for several years. But 1975 has been a comparatively fruitful period; and between the quintet and the Bornemisza settings, as well as the brief, epigrammatic *Eight Piano Pieces* of 1960 and the magical *Eight Duos* for violin and cimbalom of 1961, we also heard two new works—*Four Songs* to words by János Pilinszky for baritone and instrumental ensemble, and *Jeux*.

Jeux are Kurtág's Mikrokosmos: a collection of tiny piano pieces for two, four and six hands, designed for students of all *ages, ranging* from the very easy to the very difficult. There are so far more than 200 pieces in the collection. Some are transcriptions—of Schütz, Frescobaldi, Machaut. Most are original; and each demonstrates a particular technical point with marvellous poetry and humour, vigour and verve. Children will love them—it was evident even on tape that the three young teenagers who gave a selection of 39 *Jeux* at the Kurtág concert, always with remarkable technical accomplishment and zest, were also having the time of their lives.

"Hommage à Chaikovsky" was very funny: a study in palm-smashes and glissandi *in* B flat minor that recalled vividly, without once actually quoting, the composer's most famous tune. A striking "Perpetuum mobile *(objet trouvé)*" evoked a Debussyesque landscape of blurred glissando scales—*great* fun, and extremely difficult to do well "Hommage à Varèse" was a pungent sequence of hammered *metallic chords*: "*The mind will* have its freedom," a wistful song; three versions of "The man is a flower," soft, translucent studies in *sotto voce*. Allusions abound: to friends ("Portrait"), to colleagues ("Telephone numbers of our friends"), to other composers ("Bells," an elaborate and very pretty Stravinskian permutation of syncopated chimes).

György Kurtág

The four new Pilinszky settings I also found very attractive: brief miniatures, beautifully conceived, powerfully concentrated. Difficult to convey in a phrase their spare, pungent flavour—"Alcohol," a monotone chant for voice and bowed zither; "Dostoevsky," for voice, violin and cello, a dark dramatic recitative full of echoes and portents; a swirling "Hölderlin" for voice and string trio; and "Beating," a bitter contest for voice and seven instruments, savage, clean-cut and precise. They are strange, rewarding pieces, rich in subtle vibration: I look forward to hearing them again. In the best sense, Kurtág is Kodály's successor, the father—better perhaps, the father-confessor and mentor—of a new Hungarian school. Odd that he should be still so neglected abroad, and so little of his work recorded.

For the rest, the choice of works to represent the younger generation was a little disappointing. Of Zolt Durkó (b. 1934), who had a programme to himself last year, we heard only the intelligent, rather dryly-prescribed *Chamber Music* of 1973, and the premiere of a short new piano piece, *Contrapunctus floridus*, a pretty, insubstantial web of keyboard convolutions. Nothing was heard either of Sándor Balassa (b. 1935) except *his Tabulae for* chamber orchestra, given before I arrived (*Tabulae*, together with *Iris* for full orchestra, exciting scores *both, I heard on tape last year* and much admired). Attila Bozay (b. 1934) also presented just one work, *Pezzo d'archi*—an interest*ing but at the same time also* rather self-consciously studied essay for string orchestra: less free in its development, less *exciting certainly in its impact*, than his *Sorozat* for instrumental ensemble, or his fascinating set of *Improvisations for solo zither* (*Bozay is one of* the world's few zither virtuosi).

I was sad to miss the one new work of Kurtág's outstanding contemporary, András Szöllösy (b. 1921)—whose *Trasfigurazioni* and *Musica per orchestra*, both for full symphony orchestra, I found so stimulating last year. Of the new work *Sonorità*, played by the Symphony Orchestra of the Hungarian Radio and Television under György Lehel, I heard similarly encouraging reports. None has yet been performed outside Hungary (although *Musica per orchestra* is published by Editio Musical Budapest). Once more: what are our London orchestras always short of decent new music to present at home, waiting for?

As a result of "administrative difficulties," the work of the New Music Studio and of its three leading lights László Sáry, Zoltán Jeney and László Vidovszki, was again this year omitted from the official festival programme—although Sáry did have one short piece for cimbalom solo performed on the second day. But with great humour, forbearance and charm, the Studio arranged *an informal "fringe" series of* out-of-hours recitals and tape-concerts for me and for some other visitors instead, to be described in a second article.

Leslie Phillips back at the Duke of York's

Leslie Phillips, who played for years at the Duke of York's in *The Man Most Likely To . . .*, will return there in a new comedy, *Roger's Last Stand*. This has been adapted by Peter Thwaites from a Dutch piece by Dimitri Frenkel Frank. Also in the *company are Roy Kinnear and* Dodie Cushingham. Opening date is November 3, with previews from October 29.

…John's, Smith Square

BBC Singers

by DOMINIC GILL

BBC Singers—founded 51 … ago as the Wireless …s, then renamed the BBC …s in 1935—took their pre- …name two years ago under … new conductor John Poole. … recital on Monday, sung *a* …*a* and framed by Pales- …and Bach *motets, marked* …50th anniversary of the …ible's first broadcast on …er 19, 1925.

…Singers as constituted at …nt have a well-disciplined … rather shrill, top-heavy …ity, lacking really firm …veight. The acoustic of St. …s may have accentuated the …ance: but it was a tiring … difficult to concentrate on …y—above all in the three …rina motets at the start of …rening, which so cry out for … middle colour and strong … underpinning. *O gloriosa* …*na* for three choirs, a … piece full of subtle rela- … and vivid exchanges, was …ied for the record in that …tain category of "first …cast performance."

…nox Berkeley, who was 21 … the Singers were founded, …een commissioned to write …cial piece for the occasion. …*f the Graces* sets six verses … Spencer's *Faery Queen*—15 …les of mixed polytonal …natic vocal salad, entirely …able on its own terms. … mannered and worthy, … bold. As an anniversary …e, it was perhaps both …al *and apt*—the writing, … bore hardly a trace (ex- perhaps a certain spice of Britten) of any musical event of the past 50 years, could indeed convincingly date from 1925.

Baryshnikov, Makarova on television

Rusian dancers Mikhail Baryshnikov and Natalia Marakova will appear together for the first time in Britain on BBC-1 television's *Gala Performance*, to be recorded at Sadler's Wells in November for showing at the end of the year. They will dance Pas de Deux from *Don Quixote* and *Swan Lake*.

King's Head

Play by Play

by B. A. YOUNG

Robert Patrick's new piece depends on an amusing, though not an entirely new, idea. For the dialogue in a typical Jacobean drama, the actual thoughts of the players are substituted. The lines are cast into an approximation to iambic pentameters so that they sound right; but what they really tell is of the petty theatrical *ambitions and jealousies of the* members of the company, and of the subterfuges each considers to draw the love and applause of the *audience his way*.

This notion lasts as long as there are any tricks for Mr. Patrick to show us. There are, alas, *nowhere near enough to* last the hour and three-quarters of *Play by Play*, and the vigour has drained away even before the interval. My attention was sustained only by my curiosity about what new games Mr. Patrick might find to play, but no new games appeared.

Still, the play has one of the most distinguished casts in the current London theatres—Sheila Hancock, Hugh Paddick, Christopher Benjamin, Frank Thornton, Robin Askwith, Kate Binchy, as heroine, hero, villain, clowns and *confidante respectively*. Under the energetic direction of Stewart Trotter, their several talents to amuse just about keep *the flag flying*. But *Play by Play* has really only about enough in it to fill a shortish one-act piece.

Greenwood Theatre

The Rainmaker

N. Richard Nash's sentimental drama of the salvation of a spinsterish mid-Western country girl by a likeable con man is doing the rounds of small out-of-town theatres with Marianne Faithfull and Peter Gilmore in the leads. The play is old-fashioned and charmingly quaint; and probably best known in this country on account of the film with Burt Lancaster and *Katharine Hepburn* and, *more* recently, the musical *110 In The Shade*.

Bill Starbuck is a wandering hustler given to trading on the gullibility of simple folk when their defences are down in exchange for doses of homespun philosophy and hard-luck stories. The trouble with Robert Arden's production is that it deals superciliously with Starbuck's real desire for a vocation (his brothers, he says, were a healing doctor and a beguiling singer): he extorts money with the *promise of eliciting rain from the* heavens in a season of destructive drought.

Miss Faithfull is far too beautiful even to begin to qualify for the role of old maid unkindly assigned to her by her mean brother (Brandon Brady); but her voice, if of limited range, has a fascinating, velvety quality that helps her over and through the more excruciating *prose* she utters when spellbound by her Bill ("All your life you look for a star; then, one day, you look *down, and there it is in your* hand").

MICHAEL COVENEY

U.K. steel team completes visit to Japan

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Oct. 21.

PRODUCTIVITY IN the Japanese steel industry is three to four times as high as in Britain despite the fact that "no Japanese worker is working harder than his British counterpart," according to a joint mission of British Steel Corporation management and union leaders, who completed a week's visit to Japan to-day.

The mission, jointly lead by BSC's chief executive Mr. Bob Scholey, and Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, came to Japan to find out "how the Japanese do it" and, if possible, to draw lessons for the British steel industry.

Mr. Sirs said Japan's example of building massive plants on sites reclaimed from the sea could not be followed to the letter in Britain, because of the far greater difficulty in the U.K. of persuading communities to move. But labour and management in the U.K. could try to aim at the "unity of purpose" which was a striking feature in Japan.

The U.K. could also benefit from adopting some features of the Japanese industry such as guaranteed employment for life and the provision of cheap and attractive housing facilities, which had helped the Japanese industry to achieve its "elite" status.

Members of the mission claim, however, that they have procured more accurate data on the realities of the Japanese employment system—including the role of part time and contract labourers in Japan's steel industry—than any previous foreign mission.

Average wages in the industry, according to the team, are now running around £90 a month, compared with £50-£55 in the U.K.; but that leaves out of account some special benefits offered to Japanese workers.

Mr Ed Linton, convener of the National Craftsmen's Coordinating Committee, said he had the impression that the Japanese steel industry was "based on a bowl of rice and a mat" before his visit. He and other members expressed "amazement" at the level of investment in major Japanese steel plants, and at the industry's standards of "housekeeping."

Features of the employment situation such as the provision of mortgages for Nippon Steel workers at the Kimitsu plant in Chiba prefecture were noted with some envy.

Mr. Bob Scholey, who described the difference between Japanese and U.K. steel productivity as ghastly, said he felt the Japanese industry was based on an "obedient and passive" system whereas it was the aim in Britain to release the latent forces in each individual. He added, however, that European steel men should avoid picking on the Japanese when looking around for explanations of their own problems.

Japanese steel exports to the U.K., which have more than doubled during the first eight months of 1975, had expanded mainly because BSC was unable to meet home demand as a result of labour and other problems.

The members were emphatic to-day that they would produce a joint report giving a unanimous view of Japanese "lessons" for the U.K. steel industry, but there was no effort during this afternoon's meeting to conceal the fact that the two halves of the mission have differing views about what can be learned from Japan.

Management members emphasised the mobility of Japanese workers between different types of work, whereas union members felt an important aspect of the Japanese labour system was the lack of distinction between white and blue collar workers.

Decline in trade with Yugoslavia

By Our Own Correspondent

BELGRADE, Oct. 21

ANGLO-YUGOSLAV trade is declining both in value and in the range of goods exchanged, the Anglo-Yugoslav Trade Council reports after its annual meeting at Dubrovnik.

According to Yugoslav figures, 1974 exchanges were a record with exports reaching $68.9m. or 1.8 per cent. of total Yugoslav exports and imports $228.4m.

In the first eight months exports reached $42.7m., compared with $48.4m. last year. Imports were $168.5m. ($167.6m.). The deficit at end-August was therefore $125m.

The Council agreed that such an imbalance called for action. It was decided that a delegation of British importers would visit Yugoslavia early next year to see what goods could be purchased.

The London Chamber of Commerce will also organise next January a seminar on Yugoslav trade and marketing in Britain.

British Leyland expressed its willingness to increase imports of Yugoslav parts and components, and to buy food for its canteens, to enable its Yugoslav partners to buy more BL products.

In addition to the reduced value of Yugoslav exports, the range, too, has been narrowing. Last year there were 750 Yugoslav products on the export list, against some 350 this year. Also, no new joint ventures have been concluded. However, a joint venture is being negotiated between the Imperial Chemical Industries and the Yugoslav company Soda So. of Tuzla, and Interexport of Belgrade.

Export Contracts

AGAR INSTRUMENTATION, Alresford, will make density meters worth £100,000 for Siemens AG, for the Port Sudan-Khartoum pipeline.

GENERAL DESCALING will provide £225,000 of equipment for the Baghdad-Basrah oil pipeline.

Shipping conference system for Asia proposed by India

BY K. K. SHARMA NEW DELHI, Oct. 21.

INDIA HAS for the first time taken the initiative to start a shipping conference system of countries in the region with which it has close trading links. The countries proposed to be associated with the conference include Burma, Bangladesh, Sri Lanka, Thailand and Malaysia. A study group has been formed to pursue the proposal.

The object of the conference is to break what is considered the stranglehold of some conference systems which have from time to time been arbitrarily imposing surcharges and freight increases on one pretext or another.

For instance, various conferences have imposed surcharges on the plea of congestion at ports. They unilaterally and arbitrarily decide which port is congested, the period of congestion and the time and extent of the surcharge.

Official sources say that port authorities responsible for berthing facilities and clearance of cargoes are not consulted. Indian shippers and shipping lines have no voice in the decision.

Indian shippers feel that international conferences operating as cartels have been ignoring the general principle of international shipping that consultations should precede any freight increase or surcharge. One immediate effect of such surcharges is an increase in the cost of Indian exports and imports.

Another objectionable practice is that whenever there is a surcharge at a particular port, ships are diverted to other ports, and that leads to many problems.

Air India

Air India has signed a financial arrangement for the purchase of its fifth Boeing 747, scheduled for delivery in December. Air India will pay $4m. out of the total cost of $40m. of the aircraft.

The U.S. Export-Import Bank will lend 40 per cent. of the cost, and other U.S. banks 35 per cent. The remaining 15 per cent. will, for the first time, be underwritten by Canadian commercial banks.

Swiss-U.S. link on watches

BY JOHN WICKS ZURICH, Oct. 21.

THE SWISS watch-case manufacturer Gramex, of La Chaux-de-Fonds, is to co-operate with Bundy Corporation, Detroit, in the production of watch cases for the U.S. market.

A joint-venture subsidiary, Gramex-American, will begin U.S.-based manufacture of high-quality cases next year, particularly to serve the fast-growing market for electronic watches. Until production begins, Bundy will market Gramex cases in the U.S.

According to figures published in Switzerland, Chinese watch production has been rising at a rate of 19 to 20 per cent. annually since 1960. Total output is put at some 8m. for the current year, compared with 6.7m. units in 1974 and 5.7m. for 1973. In 1965 production was only 1m. units.

In the period 1972/75, yearly production growth is estimated at about 18 per cent.

Contracts Abroad

K. RUETSCHI, Brugg, a Swiss pump manufacturer, is to build ten pump units for Westinghouse Nuclear Europe for two nuclear power stations. The order is part of a Westinghouse project on behalf of a consortium of Belgian electricity companies, and is for mid-1978 delivery.

ASIAN BUSINESS IN 1976

Population growth a threat to alleviation of poverty

BY PHILIP BOWRING HONG KONG, Oct.

LORD ROBBINS said here to-day that unequal rates of inflation throughout the world had been responsible for the breakdown of the Bretton Woods agreement. While such a state of affairs persisted, he saw no near possibility of a return to stable conditions.

A former chairman of the Financial Times, Lord Robbins was opening a conference on Asian Business in 1976, organised by the Financial Times.

The oil price increase had caused additional problems and inflicted grievous damage on the poorer communities of the world. However, he was inclined to believe that the difficulties of transfer of resources had been exaggerated.

Lord Robbins saw the main obstacle to a diminution of world poverty as the rate of growth in population, which was likely to frustrate the "best efforts of accumulation and invention" and to involve a substantial reduction in income per head in many parts of the world.

Mr. William H. Sullivan, U.S. Ambassador to the Philippines, also drew attention to the problems of introducing family planning. The need was apparent, he said, from the fact that the populations of Asean nations would reach 500m. by 2000, or more than double the current 230m. Given the shortage of utilised arable land, the Asean countries were confronted with economic survival as much as development.

Emphasis in development needed to be placed on agriculture, including irrigation, to make it possible to grow three crops a year; on land reform; on provision of rural banking and credit facilities; and roads to markets.

Speaking for Malaysia, Datuk Taib bin Mahmud, Minister for General Planning, Information and Special Functions, went out of his way to emphasise that foreign investment continued to be a major factor in Malaysia's development objectives. As if to wipe out any doubts that the Petronas affair earlier this year may have created in the minds of investors, he declared: "We have and will continue to woo, invite, encourage and seek new foreign investment. Let me state in the most emphatic terms that within the ambit of the New Economic Policy we continue to see a major role for foreign investment."

Foreign capital inflow into Malaysia in 1975 would total about $M600m. (£112m.), second only to the $M900m. (£171m.) of 1974, the Minister stated.

He expected economic growth in the current year to be about 4 per cent. in real terms. Although "way below normal," that would be no mean achievement by international standards. He looked forward to 1976 with "hope, confidence and a sense of challenge."

Mr. Julius Chan, Papua New Guinea Finance Minister, took a rather more qualified attitude toward foreign investment. It was needed, he said, to turn "potential into real wealth" and to contribute to greater financial self reliance for Papua New Guinea by reducing dependence on aid. But any excess profits from resource ventures "must flow to the people through the Government."

He pointed to the new agreement last year with Bougainville Copper, which gave the company "a very adequate return" while retaining "excess" profits from high prices within the country.

He also pointed, with a sense of achievement, to the Government's Mineral Resources Stabilisation Fund, by which extra revenue gained when copper profits were high were held for use when prices—and hence Government income—fell.

Both in the context of the need for stable conditions to attract investors and the domestic needs of economy, Mr. Chan emphasised his determination to pursue a "hard currency" strategy in relation to the kina (the country's new currency).

"We are aware that it requires restraint, but we are determined to avoid the spiral, found in some developing nations, of devaluation followed by inflation followed by more devaluation, followed by more inflation.

"This gains the country nothing and costs it a good deal, in terms both of instability and of the necessity for attempting to impose rigid exchange control, which creates distortions and discourages activity."

Mr. Chan said he did not think that "modern sector development by itself will lead to a broad based improvement for the majority of the people. Th[e] heart of our development p[...] therefore lies in the area of [...] improvement."

He described his aim in [...] ing the conference to put [...] independent Papua New G[uinea] "on the map" of intern[ational] affairs. He did so with an i[...] gent and sensible speech.

Mr. Sullivan felt that de[velop]ments in Indo-China had [...] to slow down the i[...] towards economic co-ope[ration] within ASEAM, as membe[rs did] not want to appear to "ga[ng up] against the Indo-C[hinese] nations."

However, for Mr. Tang [...] a Singapore industrialis[t] president of Wah Chang [Inter]national Corporation, ther[e was] "considerable urgency" [for] increased Asian economi[c co-]operation if the standa[rd of] living of the rural popu[lation] were to be raised.

He urged the establishm[ent of] an Asian free trade area [which] would create the large[r] markets and therefore [the] equally large scale inve[stment] needed to increase the [...] economic growth above [...] per cent. seen in the reg[ion in] recent years.

"We may expect that a[...] as a free trade are a deci[sion] for Asian business is mad[e there] would be a mass inflow [of in]vestments to these co[untries.] Decisions on location of [indus]tries and development p[...] should be left as far as p[ossible] to private investors."

While Mr. Tang r[...] warmly to the example [...] New Zealand-Australia fre[e trade] agreement, Sir Robert N[...] chief general manager, B[...] New South Wales, com[...] that the agreement "has [...] increasing criticism in [...] country in recent years [...] of the unbalanced flow of [...] He considered, however [...] such differences were pa[...] within the wider cont[ext of] Pacific and Asian affair[s.]

Sir Robert gave a warni[ng] for Australia the temptati[on] great for to much empha[sis to] be laid on the relationshi[p with] Japan, and in extending [...] to a three-way relationshi[p with] the U.S., with Canada an[d] New Zealand as other m[...] of "a rich man's Pacific c[...]"

That "weakness" atta[...]

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Caricom urged to set up 'safety-net' to finance payments deficit

BY OUR OWN CORRESPONDENT GEORGETOWN, Oct.

MR. ALISTER McINTYRE, secretary general of the Caribbean Community and Common Market, has called on the 12-member regional economic grouping to set up a Caribbean safety net for financing balance of payments deficits of member states.

He told Caribbean central bankers here that the scheme should be based not merely on a partial pooling of reserves by member states but also upon joint guarantees of external borrowings. That money could then be re-lent to deficit territories in the region, as well as to surplus countries, authorising the sale of securities on their financial markets, with the proceeds to be on-lent to deficit countries.

Mr. McIntyre disclosed that that such a scheme had been devised for Latin America by a group of experts. He suggested that Caricom give close study to a proposal entitled "possible features of a financial safety net for Latin America." and explained that it was possible to establish a Caricom scheme as a first step to participating in the wider Latin American arrangement.

He reported also that the OPEC 10 per cent. oil price rise, coupled with continued soft markets for several Caribbean exports and declining tourism, meant that 1976 would be another year of difficulty for the Caribbean. The region's response should be to accelerate efforts not merely to deal with the damage suffered over the past two years or so, "but also to take account of the difficulties which might be experienced during 1976."

Mr. McIntyre proposed the Caribbean safety net as part of a three-point suggestion for common or joint Caricom action to counter the economic crisis.

The package also included reducing non-essential imports to save foreign exchange for investment, and co-ordinated action in the field of exchange rate arrangements.

He was severely critical of the consumption patterns of the region as a whole, although conceding Guyana's efforts to create "functional patterns of consumption." He noted that by 1971 the East Caribbean Common Market countries had recorded a consumption expenditure rate which was 105 per cent. of the GDP.

Mr. McIntyre disclosed that the secretariat, before the end of 1975, would present the governments with a package of joint projects containing proposals for financing and a timetable for implementation.

Work was also progressing on a regional perspective plan, he stated, and called for a parallel financial plan.

Mr. McIntyre attacked the tendency towards unilateral action in monetary and fi[nancial] matters in the region, st[ressing] the adverse effects whi[ch] action of one country coul[d have] on another or on the inte[gration] movement as a whole. He [urged] the central banks to [play a] catalytic role in the inte[gration] movement, with expe[ditious] action on such matters [as the] introduction of a Car[icom] travellers cheque and [the] harmonisation of [...] categories of payment.

Mission to Caracas

Mr. Gordon Richardson, governor of the Bank of England, will lead a City of London group attending a joint Anglo-Venezuelan financial seminar in Caracas on November 19-21. It is organised by the Committee on Invisible Exports, the British Overseas Trade Board, the Economic Affairs Committee at Canning House, and the Venezuelan Central Bank. Mr. J. Dundas Hamilton, deputy chairman of the London Stock Exchange, is one of the speakers.

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AMERICAN NEWS

anarctic eports gnificant l strike

CALGARY, Oct. 21.

ARCTIC OILS has unced what it calls a ficant oil strike in the dian Arctic islands, ating the possibility of the commercial crude found e area.

a joint announcement, rctic President Charles erington and Canadian n Affairs Minister Judd anan said that the com- well on Cameron Island iced high-grade crude oil e rate of 3,000 bpd on a term drill stem test.

e Indian Affairs Depart- has jurisdiction over la's Arctic area. Panarctic per cent. owned by the ral government and 55 per owned by a group of 30 anies.

e site of the discovery is 600 miles north of the c circle and some 1,300 north of Regina, tchewan. However, the st oil pipeline terminus is northern Alberta, 1,500 away.

e Albertan oil field, in ction for 20 years, for enabled Canada to balance ts and in parts of crude ut are beginning to run New finds, in the Arctic he Canadian east coast, ssential if Canada is to heavy oil deficits ten hence.

nada postal orkers strike

OTTAWA, Oct. 21.

DIAN postal workers went ike to-day to press their ds for a 71 per cent. pay e. The Canadian Union stal Workers called the of its 22,000 members blaming Federal Post- -General Bryce Mackasey ncompromising attitudes" ey wage and automation

Mackasey said yesterday he Government was pre- to sit out a postal strike long time" and said he ot prepared to sweeten a ment wage offer that was above the nation's newly d wage and price control ines of 12 per cent.

Fresh signs that New York might get Federal help

BY GUY DE JONQUIERES

NEW YORK, Oct. 21.

THERE ARE fresh indications that President Ford and other senior Government officials are backing away from their publicly stated opposition to any federal action designed to help New York City out of its financial crisis.

Quoting an unnamed senior Administration official, the New York Times reported to-day that Mr. Ford has now resigned himself to signing any aid legislation approved by the Congress, provided that it contains strict controls on the city's fiscal management and spending programmes.

At the same time the chairman of the Federal Reserve Board, Dr. Arthur Burns, has disclosed that he is reconsidering his previous flat refusals to endorse any federal aid to the city and has said that he may issue a set of different recommendations later this week.

In recent days, both Mr. Ford and his Press Secretary have skated around the question of whether the President would veto any New York aid Bill originating in the Congress, while stoutly maintaining that the White House would not itself initiate or applaud any such legislation.

As acknowledged by the official quoted by the New York Times, this tactic is designed to enable the White House to claim credit for warning of the dangerous precedents that would be set by intervening in the city's problems without risking the serious domestic and international repercussions which could result from a default.

At present, the prospects for Congressional action on an aid Bill before New York's funds run out in early December remain uncertain. Leading Democrats in the Senate appear increasingly sympathetic to the idea, but there is still strong resistance in influential sections of the House of Representatives.

This was demonstrated yesterday, when the House Banking Committee afforded a distinctly cool reception to Mayor Abraham Beame's request for federal guarantees of between $5bn. and $9bn. in city borrowings over the next three years. More than half the committee members indicated that they did not favour the proposal.

To-day, Governor Hugh Carey bearded the same committee, telling them that the White House would be guilty of "immorality" if it allowed New York to go into default. Arguing that the U.S. faced an economic crisis comparable to the moral crisis of Watergate, the Governor said that a default would end up costing the federal government at least $1bn.

Meanwhile, Mayor Beame's programme for spending cutbacks of more than $700m. in New York's budget over the next three years has been approved by the Emergency Financial Control Board. The Board was set up by the state last month to supervise the city's fiscal management and devise a plan to balance its budget.

While full details have not yet been disclosed, Governor Carey said that the plan would lead to the elimination of about 55,000 jobs, or roughly one sixth of the city's payroll, by 1978. It is also expected to involve a wage and hiring freeze, an end to new construction programmes and widespread cuts in many social services.

The response of the city's major unions to the austerity programme has been somewhat ambiguous, though most union leaders seem disposed not to organise a major protest action, such as a general strike, if the job cuts can be achieved through attrition rather than outright dismissals. Mayor Beame has promised to adopt such a policy.

Jack Jones in incident at Chilean airport

By Alejandro Koffmann O'Reilly

SANTIAGO, Oct. 21.

THE BRITISH embassy in Santiago will be "in continuing touch with the Ministry of Foreign Affairs" about an incident involving Mr. Jack Jones, Secretary General of the Transport and General Workers Union.

Mr. Jones was part of a six-man mission sent here by the International Free Trade Unions' 11th congress, meeting in Mexico. The group returned to Mexico City last night, after an eight hour visit, and as they were leaving, Mr. Jones was "treated discourteously by the international police at Pudahuel airport," according to diplomatic sources.

The alleged incident happened at the airport's international police counter, where bags were checked and officials paid close attention to papers in the group's personal effects. They finally tore away some notes from one of Mr. Jones' notebooks and kept them, along with some printed material. Mr. Jones did not get a receipt for his papers and protested at the top of his voice as he was led to the waiting aircraft

Antigua may buy refinery

By Our Own Correspondent

BRIDGETOWN, Oct. 21.

THE ANTIGUAN Government has opened negotiations in St. Johns with the Natomas Oil Company of San Francisco for the purchase of the West Indies Oil Company refinery on the island.

The refinery, wholly-owned by Natomas, started operations early in 1968 and produced approximately 18,000 barrels a day. Initial investment was put at $U.S.20m., but its current value has not been made public.

Antigua's Premier, Mr. George Walter, has already accepted a Natomas offer to sell 100 per cent. of its shares and he has said that his Government is willing to pay cash for the book value of the company. He added, however, that the money would come from an unnamed private concern and not from the Antiguan Treasury.

Cyclamate producers get ready for FDA go-ahead

NEW YORK, Oct. 21.

ABBOTT Laboratories has refitted its facilities to produce limited quantities of cyclamates, on the assumption that the six-year-old Food and Drug Administration (FDA) ban on the sugar substitute will be lifted.

Major makers of soft drinks, too, have undertaken experiments to develop cyclamate-based formulas with acceptable daily intake levels that might fall within the range of FDA requirements if a go-ahead ruling is issued.

The federal agency ordered cyclamates off the market in October 1969 after experiments indicated that the artificial sweetener could cause cancer in rats and despite the fact that there was not any similar evidence for humans. Numerous tests since then have not been able to confirm the first animal experiments.

Last year the FDA turned the matter over to a seven-member committee of the National Cancer Institute, whose recommendations are expected in early January. The FDA is expected to rule on whether to allow cyclamates back on the market after that.

Abbott Laboratories' vice-president for regulatory affairs, Richard Kasperson, said that the Chicago-based concern does anticipate the return of cyclamates to the domestic market. He added, however, that the company is not making any forecasts or including the possibility in its profit plans for next year.

Major soft-drink companies questioned by Abbott have indicated an interest in using cyclamates again in their product formulas if the ban is rescinded.

Two charged with plotting to kill Ford

LOS ANGELES, Oct. 21.

A FEDERAL grand jury has indicted two men charged with plotting to kill President Ford by exploding dynamite in a sewer as he passed and shooting him in the resulting confusion.

According to U.S. Attorney-General Edward Levi, the attempt was to have been made on September 5 in the Californian capital of Sacramento—the same day and city where Lynette "Squeaky" Fromme, a follower of jailed murder cult leader Charles Manson, was seized after pointing a loaded gun at Mr. Ford.

Police in Santa Barabara near here said that one of the men, Gary Desure (32) escaped from a Montana mental hospital, where he was being held after threatening to kill former President Nixon.

AMERICAN INDUSTRY

The conspiratology lark

BY MAURICE IRVINE IN LOS ANGELES

Is it that America is infected by collective guilt feelings which must be regularly purged by re-enactments of such tradgedies?

I SEVEN leading forensic s recently concluded, after the .22 pistol used by Sirhan to kill Senator Kennedy, that there was idence of a second gun, hoped that at least one of a's flourishing conspiracy s had been laid to rest. scarcely had the report ed before a gaggle of racy buffs summoned a ence to charge the media misinterpreting the study gesting that it had actually something. Nothing had hanged. Scores of ques- remain unanswered. More vere needed. It was clear conspiratology—a minor y—was alive and well in S.

ve years after Dallas, years after the shots in ntry of the Ambassador in Los Angeles, thousands ple are still debating the on. Who Killed the dys? Why do they keep ng it back? Is there a l gratification to be ed from these constant ings of established facts? it that America is infected llective guilt feelings which be regularly purged by re- ents of the tragedy?

n factors no doubt have weight. But one of Cali- s most ardent "assassina- searchers," Mr. J. C. Louis, avels the country deliver- three-hour lecture and e show entitled Who Shot suggests a more immediate . Watergate, he says, llised a growing national of distrust towards govern- and business. It cast on so much that Ameri- had taken for granted. ergate showed that a vast racy involving the FBI, the d other agencies, could be d in the White House to e and defraud the trusting -American voter. Cynicism een generated, too, by revelations of deception involving the Vietnam war, and CIA operations abroad — especially those all-too-real assassination plots against Third World leaders.

The business world has also done its bit to persuade Americans that conspiracy theories are plausible. Opinion polls show that—right or wrong—people believe that the multinationals and the oil majors, conspire to fix prices. They read of bribes and kickbacks, deceptive stockholder reports, sanitised corporate statements, "laundered" money. Lying, the secret deal at public expense, seem to many to have become integral to the American way.

Distrust of official investigations combines with an unwillingness to believe that loners and losers like Lee Harvey Oswald, "Squeaky" Fromme or Sara Jane Moore could so easily strike, unaided, at the leaders of the world's most powerful nation. All this makes Americans to-day prone to a view of history which is yielding substantial rewards to conspiracy theorists.

At least two dozen books have appeared on the JFK murder alone, plus four novels, three feature films, and innumerable telecasts, which will be capped next month on November 20 by a four-hour long CBS assassination special spread over three evenings. This will probe the killings of the two Kennedy brothers and of Martin Luther King, and the shooting of Governor George Wallace.

The Alabama Governor's presidential prospects, far from being harmed by the partial paralysis caused by the 1972 attempt on his life, may even have been improved by it. Certainly Mr. Wallace does not wish the incident forgotten. He is backing a resolution by a Texas Democrat, Representative Henry Gonzalez, to reopen investigations into his own case and the Kennedy-King assassinations.

"I believe," says Mr. Wallace, "that Arthur Bremer, a man who never made any money in his life, could not have followed me all over the country and bought guns and automobiles and stayed at the Waldorf Astoria. I'm not satisfied."

It is now obvious that any politician who calls for the renewal of such investigations is assured of maximum attention. The furore this year has been livelier than ever. At the University of California, Los Angeles, a conference called Conspiracy in America was called on the first anniversary of the death of six Symbionese Liberation Army members, kidnappers of Patricia Hearst. It was one of several, recently arranged around the country and it showed that assassination "plots" are regarded by the radical left as a potent issue in the coming Presidential race.

Star speaker was Mr. Mark Lane, author of Rush to Judgment and a founder-member of the conspiracy establishment, who is also a regular on TV talk shows and the lecture circuit. A sell-out audience heard Mr. Lane, in an hour-long speech heavily laced with sarcasm, predict that Congress would this year endorse the Gonzalez call for new inquiries. Mr. Gonzalez' resolution has in fact picked up 33 House members as co-sponsors so far, and Mr. Lane now wants next year's New Hampshire Presidential primary turned into a referendum on the issue, via a candidate who will concentrate specifically on the JFK assassination.

The three-day conference ("from Dallas to Watergate; official violence and cover-up; films, panels, assassination workshops . . ."), was described as "an attempt to mobilise a national movement against the developing police state in America." Speaker after speaker implied, or stated, that JFK's real killers were to be found among right-wing groups, U.S. intelligence agencies, and Texan oil interests.

Mr. George O'Toole, author of a recent book which claims that psychological stress evaluations of Oswald's taped voice show that he was telling the truth when he said "I didn't shoot anybody, no sir," scoffed at the "Castro retaliation theory." This holds that the Cuban leader sent someone to kill Kennedy because of repeated attempts on his own life.

Some of the arguments are quite persuasive; but for everyone of them there is a no less credible counter-argument. Take the Zapruder film of the assassination, which is perhaps the conspiratorialists' most crucial piece of evidence. Bought by Time-Life for $180,000 it has been shown several times on network TV; it is run in cinemas as a kind of second feature; and bootleg copies are a staple of "Who Killed JFK?" lectures. This fuzzy, 8mm home-movie, it is claimed, shows Kennedy's head jerk back as a bullet strikes from the front; the Warren Commission experts, who say that all bullets were fired by Oswald from the rear, reply that the movement backwards occurs not as the bullet hits, but slightly later. It is a neural-muscular reaction caused by the massive head-wound.

Perhaps the strongest argument against the conspiracy theory is that to believe it, one must also believe that Chief Justice Warren, his colleagues and staff, the dead president's brother Robert, and his successor, Lyndon Johnson, Gerald Ford, the FBI, CIA, Secret Service, plus hundreds of medical, forensic and other experts, were all party to a vast cover-up; and one must discard evidence such as Oswald's fingerprints, eye-witness testimony, ballistics tests—evidence which runs to thousands of pages.

Some of the Warren Report's assumptions are now being questioned by members of Congress who previously accepted it as gospel; but if a new JFK inquiry were to establish the facts in still greater detail, resolving new questions about Oswald's stay in Russia, his relations with the FBI, would the conspiratorialists be satisfied? The re-firing of Sirhan Sirhan's gun surely indicates they would not.

"The JFK case is getting to be on a par with UFOs and the Bermuda Triangle," says Warren Commission attorney Melvin Eisenberg, now a Professor of Law at Los Angeles. "There's no way you can prove some phenomena don't exist when people want to believe."

Moro coalition faces new strains from within CD

BY ANTHONY ROBINSON ROME, Oct. 21

THE ABILITY of Prime Minister Aldo Moro to keep a government in being is becoming increasingly problematical as the internal faction fighting within his own Christian Democrat party reaches new heights of bitterness and the Socialist Party debates the wisdom of supporting a Government over which it appears to have less influence than the Communist Party.

Sig. Moro formed his two-party minority coalition Government with the Republicans last November. It was formed in extremis after a six-week Government crisis and has survived both the traumatic impact of the June 15 elections and the fierce leadership struggle within the CD party which culminated in the downfall of Amintore Fanfani and his replacement as party secretary by Benigno Zaccagnini who, on election, set about reforming the CD party by trying to reduce the power of the various factions and giving a new image of efficiency and honesty to the party.

The results of his endeavours emerged last week-end when he managed to push through a reshuffle of top party posts which led to the removal of Naples party boss Antonio Gava and a realignment of top jobs in the name of efficiency. This drastically reduced the power of the Doroteo, Andreotti, Colombo and Fanfani factions and shifted power in the party in favour of younger Left-wing leaders.

It is a move which appears to have been well received by the base of the party crying out for a more democratic, homogeneous party structure and by Sig. Moro who is a close personal and political friend of Sig. Zaccagnini. But it has infuriated the old guard of the party who are pressing for the promised party Congress to be brought forward in order to re-assert their position, a situation which threatens not only Sig. Zaccagnini but also the Government of Sig. Moro which could hardly hope to survive another leadership struggle of this nature.

The division of opinion within the CD is also mirrored with obvious differences, within the Socialist Party.

Since November the Socialist Party (PSI) plus the Social Democrats (PSDI) have been supporting the Government in Parliament without taking part in it. The Socialist Party majority line, expressed by Party Secretary Francesco de Martino, at last week's central committee meeting was to continue this support as long as the Government managed to keep negotiating successfully with the trade unions seeking higher pay, improved conditions and reform of the public sector—including the railwaymen, post and telephone workers, teachers and others. But it underlined its belief that the Centre-Left formula is dead and its determination not to re-enter the Government unless the Communist Party is linked with the Government majority in such a way as to make it not only a powerful influence on Government policies, as up to now, but also publicly responsible for the Government acts.

This reflects the PSI's fear that it will pay electorally for support of a Government of which it is not formally part, while the Communist Party will benefit through being seen to influence the Government while still having its hands free to criticise and disassociate itself from the inevitably unpopular actions of a Government facing an unprecedently severe economic recession with only the most limited resources to hand.

More violence in Oporto

LISBON, Oct. 21.

VIOLENCE HIT northern Portugal again to-day. A Communist bookshop in Oporto was bombed, and Conservative Centre Democrats (CDS) said a petrol bomb was thrown at their offices in Leiria, south of Oporto. No one was hurt.

With both the Left and Right issuing warnings about possible civil war, President Costa Gomes has proclaimed an amnesty until the end of the week to disarm the civilian militias that have mushroomed during 18 months of revolution. But according to the security forces, not one weapon has been surrendered

Reuter

Portugal purges civilian governors

BY JANE BERGEROL LISBON, Oct. 21.

FOUR OF Portugal's civilian Governors were purged to-day, in a first step by the Socialists and Popular Democrats in the Sixth Government to restore "equilibrium" in key national posts, and remove leading members of the Popular Democratic Movement (MDP) from domination of local government.

All four Governors are members or sympathisers of the movement, a party close to the Communists which won only 4 per cent. of votes cast in the April elections and was used by the Communists as a means of consolidating control over local government. They controlled the cities of Lisbon, Faro in the Algarve, Braga in the north and Castelo Branco in the north-east. Their successors are to be named to-morrow and are widely expected to be Socialists or PPD members.

Protests from the left are mounting against the dismissals, for which no reasons have been given as yet. Meanwhile the Soldiers United Will Win (SUV) rank and file Army organisation is stepping up a campaign of demonstrations this week joined by a new sister organisation Workers United Will W'n (TUV). To-night they are to demonstrate at the Catholic radio station transmitters, under guard by only a handful of police following the station's closure by the Government over a fortnight ago.

Portugal remains gripped by coup fever, with conflict'ng reports of an imminent leftist coup and of rightist coup attempts both being linked to Angola's forthcoming independence on November 11.

While there are as yet no public indications from military sources of evidence uncovered to support either theory, the rumours multiply and military intelligence sources have privately indicated they are in possession of documents offering proof of a rightist thrust, linked with Angolan refugee circles. There are already more than 200,000 homeless and virtually penniless Angolans in Portugal with a further 50,000 expected over the next three weeks.

Reports of mercenaries engaged in the Zaire-based National Front for the Liberation of Angola (FNLA) now include ev'dence that some are former Portuguese Air Force pilots, Air Force sources said.

Faced with the increasing rumours and general instability, attempts are being made to patch up the tense relations between the Communist and Socialist Part'es here. This afternoon, in an apparent bid to regain his stature as Portugal's leading political figure, President Costa Gomes called the leaders of the Communists and Socialists, Dr. Alvaro Cunhal and Dr. Mario Soares, into talks on the political situation, accompanied by two leading Armed Forces officers, the pro-Goncalvist, Commander Contreiras and the Group of Nine officers' spokesman Captain Vasco Lourenco.

The President, now distrusted by all political parties in Portugal, has lost much of his reputation as Portugal's key statesman to the Prime Minister, Admiral Pinheiro de Azevedo. But this afternoon's talks, while bringing General Costa Gomes back into the ring, are also designed to sound out the possibilities of closer co-operation between the two bitter rivals on Portugal's left. The Communist Party is known to be pressing for the exit of the Popular Democrats from the Sixth Government, and inclusion of some extreme leftists.

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PORTUGAL will receive "urgent financial assistance" from the EEC of about $200m. by the end of November, the Common Market negotiating team in Lisbon announced yesterday. However, our Lisbon Correspondent writes, there seems to be little prospect that the country will be able to enlarge its trading with the EEC to export more tomato paste, textiles and wines to the Nine—something the Portuguese regard as more vital to their economy than an injection of cash, however welcome that may be.

Turkey-U.S. talks to start

BY METIN MUNIR ANKARA, Oct. 21.

FOREIGN MINISTER Ihsan Sabri Caglayangil to-day announced that Turkey and the United States will open talks on the re-opening of the American bases in Turkey and indicated that hi s Government is willing to discuss territorial concessions in Cyprus.

The 26 bases, closed last July in response to the Congressional ban on arms supplies to Turkey, would not be re-opened immediately, Mr. Caglayangil said. He added that a message has been sent to President Ford, laying down two conditions which must be met before the bases can be re-opened.

First, he said, an agrement must be reached over the establishment of "sound principles which would ensure a stable balance between mutual responsibilities and obligations." Second, agrement must also be obtained for "the provision of a defence support adequate to meet the requirements of the Turkish Army."

French price control battle

By Rupert Cornwell

PARIS, Oct. 21.

THE BATTLELINES have been drawn up for another instalment in that longest-running of French domestic arguments between an inflation-conscious Finance Ministry on the one hand and the country's militant shopkeepers and small traders

Opening the Budget debate in the National Assembly this afternoon, the Finance Minister, M. Jean-Pierre Fourcade, announced a strengthening of existing controls on margins, above all for imported products whose lower prices have not been passed on

M. Fourcade, who, right through the economic recession has never concealed his view that inflation was a bigger long-term problem, has gained support from the latest trend of prices in France. Although the recovery has barely started, early evidence suggests that September will have witnessed a significant quickening of inflation

Spain in disarray as Sahara trek start[s]

By Roger Matthews

MADRID, Oct

THE SPANISH Cabinet, p into the crisis presented serious illness of General F to-night cancelled an eme session to deal with the si in Spanish Sahara. Some Moroccan civilians are ma on the region bent on over.

The Spanish Governme already dispatched a Mini hold direct talks with Mo King Hassan and called to for Foreign Office consul all of its ambassadors to countries.

They are understood t been asked to use joint matic pressure to get Hassan to call off the ma

No definite orders hav given to the Spanish a the Sahara about their r to the Moroccans, but hop the UN would intervene least favour Spain's have diminished, leading sources here to fear th situation is becoming pot more explosive.

The Spaniards say tha minefields on the bord clearly marked but that groups, such as the A sponsored Frente Polisa pro-Moroccan factions, ha busy planting mines.

It is feared that the de even a few of the marcher be used as a pretence for intervention by Morocco. it is said, might bri Algeria.

Reports reaching Madri El Aaiun, the Spanish capital, say the atmosp tense but calm. The pro party, PUNS, claims t thousands of men ready t the invaders but wants from the army. The entir lation of the Spanish Sa only about 70,000, many nomads.

However, the fact that Jose Solis, the Spanish responsible for Spain's or mitted political organisat National Movement, was Morocco for talks, is an tion that Moroccan pres beginning to pay off.

The Spanish positio always been that it wi grant independence Sahara but not to deli country to a third party

James Buxton report Ksar es Souk in Moroc the Spanish Sahara King Hassan's march of u civilians into Spanish got underway to-day as people left this town in for the border. Anothe will go to-morrow and days time, with only bri night stops, they are e to reach Tarfaya, the town 700 miles away. Me other contingents, whic total up to 350,000 peop other Moroccan cities, ar ing.

The marchers will con in accordance with a stri table and should cros Spanish Sahara on Tuesd

Watching the convoy of buses and Land Rovers a outside this town und Atlas Mountains, one l little doubt that the ma aroused genuine ent among Moroccans.

It is by any standard organised—almost certai result of long planning. 400 lorries, each carryin 50 men, were lined u decked with the red M flag. The men cheere chanted slogans continuou

The 20,000 marchers ha assembling for two days f parts of the southern re Morroco, having enrolled last Thursday when King made his announcement.

With the marchers are teams, breakdown repair and lorries carrying foo fuel. There were also buses full of women. Most lorries have been requisi while the support vehicle been provided by Gove agencies.

They are staffed by who claim that they r their orders only afte King's speech.

But it is clear from the of planning and the mass plies, including drugs, tha been assembled that the l of the march were work several months ago and t preparations involved larg bers of officials. Ho whether the preparations fact be adequate for the of marchers remains to be

Meanwhile, Saudi Arab pledged participation i march and the United Emirates, Uganda and Can have cabled support.

هكذا من الأصل

Bundesbank criticised by court on Herstatt moves

FRANKFURT, Oct. 21.

FRANKFURT Civil Court the Bundesbank's action in ng three major banks into s to save Bankhaus Herstatt days prior to closure gave an unfair advantage over banks when the rescue collapsed.

Court ruled on September t the Bundesbank must pay Vest German subsidiary of ritish bank Hill Samuel and minimum of DM10m. in ges plus costs and any other ges claimed on a petition ver the timing of the Her- losure.

lanation

a written explanation of its nent provided to Reuter, ourt said the Bundesbank three major banks into the to save Herstatt in the four prior to closure.

s gave them an unfair tage over other banks to heir positions with Herstatt he rescue talks broke down, tinued.

Bundesbank knew of the unate timing of Herstatt's e withdrawal on June 26 ear by the Federal Credit visory Agency and knew o measures had been taken tect other banks from this, urt said.

secrecy seemed rable because several ed million marks were paid Herstatt accounts on that large part being prepay- on foreign exchange

fact the Bundesbank kept pending closure partially was not compatible with nportant role the central should play in a banking e of such far-reaching con- ices, the Court said.

Bundesbank had a clear duty to warn banks involved with Herstatt of the impending closure. Such a warning without any doubt would have prevented Hill Samuel's being damaged by an uncompleted spot foreign exchange deal on June 26, the court said.

It said it must presume the Bundesbank had no significant reason to offer for not giving a warning as the central bank failed to give a reason to the Court.

Bundesbank president Karl Klasen said last month that the Bundesbank would appeal against the court's decision.

Hill Samuel's lawyers said the Bundesbank failed to exercise due care by closing Herstatt too late. It had not fulfilled its legal duties towards the banks that took part in the daily foreign exchange clearing operation in Frankfurt.

Against this the Bundesbank argued that the strict deadline for reporting deals for completion on any one day was 13.30 hours. Any transaction after that was irrelevant for claims purposes.

The Court ruled that the central bank should have done everything in its power to protect the claimant's interests and uphold the trust and good faith of all participants in the clearing. It rejected the 13.30 deadline as a technicality.

The court also rejected the Bundesbank's argument that it only had a technical function to supervise the clearing operation.

It said the Bundesbank organised the clearing, took part in it under banking law as a legal participant and therefore had certain duties to fulfil.

By 14.00 hours at the latest on June 26 the Bundesbank knew the rescue talks had broken down, knew Herstatt losses could be as high as DM620m. and knew the type of deals Herstatt had been carrying out, the Court said.

However, the Bundesbank only announced the closure at 15.30 and formally told Herstatt at 16.15 hours. The central bank could have prevented damage to Hill Samuel by acting earlier, it added.

Backgrounding its judgment, the Court said an internal book-check at Herstatt on June 10 last year showed a DM100m. loss on foreign exchange deals.

Further checks by the bank's management up to June 15 showed the losses had risen to between DM450m. and DM620m. The Bundesbank was told of Herstatt's losses by the chief Herstatt shareholder, Herr Hans Gerling, on June 22, the Court said.

Rescue talks

Then the rescue talks began. The Bundesbank denied its directorate knew by June 22 the extent of Herstatt losses. Eventual losses turned out to be DM1,274m.

Reuter

Guy Hawtin writes from Frankfurt: The Bundesbank was informed that judgement had gone against them on September 11. However, the Court said it would take some time to produce its argument for finding against the central bank.

Immediately after the judgement the Bundesbank announced that it would appeal but said it would have to wait until written judgement was given before it could decide on grounds for the appeal.

The judgement has also been eagerly awaited by the many other banks who believe they have claims against the Bundesbank. It is on the Hill Samuel test case that they may base suits of their own.

J.K.-EEC split on oil pricing

MALCOLM RUTHERFORD

QUESTION of a minimum for oil is the main sticking in the argument between and the rest of the Euro- Community over repre- ion at the forthcoming ner-producer dialogue. The Government believes that o unlikely that it will be d that it must continue to on its own seat at the con- e, whatever the opposition he Community.

in would like a high floor n order to protect oil from rth Sea. In so far as they favour of a floor price at ich is doubtful, the other rs would like it to be low. urrent American position nown, and it may be that ly support for the British n will come from within It is firmly denied, how- that OPEC support has y been solicited.

Government is ready to seeking a joint Community te for the conference in rious working groups that been established, but s that any agreement on uld be so vague that it have to have its own te representation as well. imes it would speak h the Community, some- not.

mpts to find a compromise have so far scarcely even begun. The eight other Community members are still insisting that the Community must sit as one, but Britain has replied that it can veto any such decision.

Britain is also countering charges that its behaviour is "un-European" by pointing out that France and Germany had no qualms about agreeing to an economic summit with Japan and the U.S. without consulting or inviting the smaller Community members

In what may be an attempt to further split the Community on this question, the Government has told the West Germans at least that it would have no objections if they were to seek their own separate seat.

The outcome is unlikely to be known until shortly before the conference opens on December 16.

Regional Fund revelations prompt French protests

BY ROBIN REEVES

BRUSSELS, Oct. 21.

FRENCH sensitivity to pressures for regional autonomy has led to an angry protest to Brussels over the handling of the first handouts from the EEC's new Regional Development Fund.

M. Jacques Chirac, the French Prime Minister, has formally protested to the European Commission for publishing the breakdown of the spending from the EEC Regional Fund in the different parts of France. Commission and French officials met here to-day to try to iron out the differences, but the outcome was described as "inconclusive."

Under the first distribution of Regional Fund cash announced last Friday by Mr. George Thomson, the British Commissioner responsible for regional policy, the Commission's figures show that the money going to each of 22 French departments amounts to a total of 21.9m. units of account (£9.1m.).

The Commission is planning to give further details of the first handouts to individual countries later this week and some information will be withheld on the grounds of commercial secrecy for which strict rules are laid down in the Rome Treaty. This aspect is understood to be particularly worrying the Danish Government when it involves grants towards private industrial investment.

However, the protest from M. Chirac makes it clear that France is objecting to the Commission by-passing the French Government's administrative machinery.

Reuter adds from Brussels: Mr. Stanley Orme, British Minister of State for Northern Ireland, to-day asked the EEC for more aid from its Regional Fund for the troubled province.

He told journalists after a day-long visit to Brussels that he had informed Regional Policy Commissioner George Thomson, that the £1.2m. granted from the Fund last week was not enough to be really effective in righting N. Ireland's economic decline.

Mr. Orme said, however, that the first pay-outs from the Fund were a positive development for Northern Ireland, which is heading into a major economic slump

Greater union planned by Benelux group

By David Curry

BRUSSELS, Oct. 21.

WHILE THE nine-nation Common Market struggles to overcome a rash of inter-member disputes, the mini-common market which occupies the northern corner of the EEC is in good shape and ready to talk about integration.

That was the message which emerged from a two-day summit meeting of the governments of Holland, Belgium and Luxembourg—the Benelux union. The summit, the first for five years, decided on a closer liaison of policies over a wide field of activities embracing industrial, economic and environment policy.

Two specific undertakings were agreed, both in the field of fiscal harmonisation. The three countries have promised to set a date in January for the harmonisation of excise duties and have also promised to rid themselves of frontier formalities concerning VAT payments for journeys within the three countries.

MARKS AND SPENCER ON THE CONTINENT

Turnaround on the boulevard

BY ELINOR GOODMAN

MARKS AND Spencer seems to be over the worst in Paris eight months after opening its first continental store on the Boulevard Haussmann. During the long, hot summer there probably were fewer French customers in the Paris store than there were in the Marble Arch branch in London, but Marks is now understood to have been making a small net profit on sales in Paris for the last five weeks.

The feeling within the Continental management now is that if turnover can be kept above its present level of around £120,000 a week for the rest of the year, the store will make a small profit on sales for the year, the losses suffered between April and August being offset by profits made in the second half—assuming, of course, a good build-up to Christmas.

It was these recent sales figures which enabled Sir Marcus Sieff, chairman of Marks and Spencer, to say in London yesterday that he was "encouraged" by the start of the Continental stores. The accompanying statement that the operation was not yet trading profitably will hardly come as a surprise to either Marks' French competitors—who would generally be delighted if one of their own stores made a profit within a year—or to anyone who visited the French store in August. The annual summer emigration of the Parisians meant that compared to its triumphant opening in February, when the store took almost £200,000 in its first week, the place was like a morgue in August. Takings were down to around £60,000 a week.

The turning point came in September, when the Parisians returned to the city and started pushing the turnover figure up above the breakeven point of around £95,000 a week. Moreover, the August sales trough, though far from welcome, had given the management time to sort out the problems of the computer stock link with London. The link, which was virtually out of action for six months, is now working, easing the very serious difficulties Marks had with stock replacement in the early months.

The picture, in other words, is a caricature of a normal British opening with a higher opening sales peak and a steeper post-opening sales dip all concentrated into eight months rather than a year, as is usual in Britain. This does not mean however, that the company's overall Continental operation with sales so far of £3.5m. will make a profit on sales this year or that the company is anywhere near to re-couping its capital investment in Europe.

The predicted net profit on sales in Paris only takes into account direct overheads like wages and not indirect costs like advertising. The Brussels store, opened a month after the Boulevard Haussman, is still not meeting its sales target. Surrounded by road works, it was unofficially described as a "natural disaster area" by one Marks and Spencer executive, and has hardly had a chance to prove itself. Even so, Marks claims to be confident that it will do well once the roadworks are finished.

Early results from Marks' third Continental store, opened in Lyons a month ago, are more encouraging though the company says it would be unrealistic to expect any shop to make a profit in so short a time.

Situated in France's largest new regional shopping centre, it is already taking more for every square metre of sales space than most of its competitors in the development. With 3 per cent. of total space in the centre, it last week took 5 per cent. of the centre's total turnover.

The Lyon store, with a sales area of 36,000 square feet on two floors, is considerably larger than the Paris shop. For this reason, Marks has been able to put in changing rooms—a departure from tradition, but an important one given the fact that customers might have to travel 100 miles to exchange an unsatisfactory garment—and a small food department.

At present Marks is selling wine in Lyon at around Frs.5.50 a bottle, but experience has indicated that this is a bit like taking coals to Newcastle. Wine is likely to be dropped to give more space to products like tea and biscuits which French customers expect to find in a British shop. A limited range of foods is also likely to be introduced in Paris during the next few weeks (taking over the fixture currently occupied by the slow-selling range of children's shoes). Lack of space in the Boulevard Haussmann means that the company is unable to instal changing rooms in Paris. The French, however, are remarkably uninhibited about changing in public and last week at least three women were trying on dresses in the shop.

> Marks still insists that the three Continental stores are only seen as pilots. But there is little doubt that it will expand.

But if the French are not too worried about the lack of changing rooms, they have not yet grasped the full meaning of the much advertised Marks and Spencer "shopping revolution." Nor, perhaps, has the Marks management quite come to terms with the tastes of the French shopping public.

For the French, the word "quality" on which Marks has traditionally put so much stress, tends to imply the quality of the cut rather than the quality of the fabric. Though women could last week be heard in the store expressing surprise that "pure wool" skirts should be offered at such reasonable prices, some seemed a little disappointed by the styling and the limited range of styles available. Similarly, after a fashion show in Lyons last week, spectators were saying that some of the clothes were rather boring—"too sensible" was how one woman described them though there was loud applause for the range of kilts. The "quality message," says Marks, will only really get through after people have worn the clothes for six months and found that they do not fall apart at the seams. French retailers query, however, how many French women want to wear the same clothes season after season.

Marks admits that getting the merchandise mix right has not been without its difficulties. To begin with the company was mis-lead by the band of loyal ex-patriot British customers who flocked into the store in Februrary. The local management based their new stock requirements on what had sold well in the first few weeks and then discovered that while expatriate British women might still be happy to show their knees, French women, who were to form the majority of their customers in the longer term, were not.

In some respects, however, the French customer's reputation for wanting more distinctive clothes than her British counterpart has proved to be something of a myth. Some of the clothes, designed specially for the French market, have proved to be among the slowest sellers—bright yellow sweaters for men, for example, were among the lines which ended up on the cut-price counter in the summer. Conversely, some of the biggest selling lines in Marble Arch emerged as the biggest sellers in Paris—a fact elicited by the former assistant manager of Marble Arch who was sent to Paris to help sort out the merchandising. Coats, for example, are selling beyond all expectations.

Stock replacement, coupled with inexperience of the French market has, in fact been Marks' biggest problems—apart from the shop being basically on the wrong side of the road. Not knowing what the big sellers would be, the company did not have the necessary back-up stock. The management could not, for example, get enough stocks of flared trousers while straight-legged trousers languished on the rails, disdained by the average fashion-conscious Frenchman.

Moreover, whereas Marks had hoped to move stock between France and the U.K. in under 10 days, in the event it took between three to five weeks. At the same time suppliers, conditioned to giving over-riding importance to orders from Marble Arch and other big English stores, tended to put orders from Paris at the bottom of the pile, particularly if it meant making up to a longer length of skirt than was required for Britain.

But, as Marks repeatedly point out, it would be unusual for a British store to be making a profit within nine months of opening. The Paris shop is already taking more per square foot than a store of its size in Britain, though of course, the overheads are considerably higher. The devaluation of the pound against the franc has helped Marks in so far as its prices are concerned. Prices—always competitive with those in French multiples—were around 40 per cent. above those in Britain as a result of higher value added tax, staff costs and transport. Now, the devaluation has brought the differential to nearer 30 per cent.

Marks still insists that the three Continental stores are only seen as pilots. But, as far as the French property world is concerned, at least, there is little doubt that it will expand elsewhere in France.

The guerilla war for Eritrean independence from Ethiopia is at a pitch. **Gwynne Roberts** trekked 500 miles into rebel-held territory. This is the first of his reports.

Marching on Marx and millet

ERITREAN secessionists are fighting for their independence in a war which—if they are successful—could result in a Marxist regime gaining control of a strategically important stretch of Red Sea coast. The struggle against the Ethiopian Government is being carried out by a guerilla force which is desparately ill-equipped but fervently believes in the cause of Eritrean independence and the ideal of a Marxist society. The outcome of the conflict may depend on the new weapons from Iraq and Syria now being supplied by *dhow* across the Red Sea.

Without new arms the guerillas may be unable to prevent the destruction of the crops growing on the Eritrean Highlands which they need to sustain themselves. It is a critical moment in the contest between the Eritrean liberation movement and the new rulers in Addis Ababa, whose commitment to the unity of Ethiopia is no less complete than that of the late Emperor Haille Selassie.

The war centres around the provincial capital of Asmara where some men of the Eritrean Liberation Front and the Popular Liberation Forces—which I estimate to total as much as 25,000—are faced with an Ethiopian Government force of some 20,000 backed by tanks, motorised units, and air power including Canberras, F5A and F86 jets.

The civil war has been going on for 14 years but it reached a pitch of unprecedented ferocity in the past nine months. The scene around Asmara is one of utter desolation. Villages have been devastated by aerial bombardment and fierce fighting on the ground. Their innabitants have fled to the areas controlled by the Eritrean Liberation Front (ELF) in the *hinterland* leaving behind clusters of deserted settlements. The sole occupants of these villages are now the Eritrean guerilla units. Every day jet fighters following in the wake of spotter aircraft swoop over these villages bombing and strafing them. The ELF is virtually powerless in the face of these attacks. Its sole anti-aircraft guns appear to be antediluvian Dushka heavy machine guns.

The ELF claims that civilian casualties have totalled more than 3,000 this year. The figure appears high. But what is clear is that many hundreds, if not a few thousand, civilians have been killed either by bombing of villages in ELF areas by the Ethiopian air force or during the heavy fighting. There is a good deal of objective evidence to back up ELF claims that many have been massacred by Ethiopian troops. The guerillas' own casualties, it is claimed, run into hundreds and Ethiopian ones into thousands, but these claims are virtually impossible to verify.

Food supplies in the main battle zones are near exhaustion, and as I left the area ten days ago, a battle for the vital maize, millet and wheat crops in the Eritrean highlands was about to break out. Eritrean intelligence believed that the Ethiopian high command was preparing to bomb and burn the crops in an effort to force the guerillas to operate in a desolate and foodless region evacuated by a civilian population which so far has provided unqualified support for its troops.

Vast camel trains bearing food supplies trek hundreds of miles from the Sudan across the desert savannahas of the Eritrean lowlands and up *into the mountain* plateaus around Keren and Asmara.

Few manage to get through. Arriving at the front-line near Asmara last month, I learnt that only 60 camel loads had reached the guerillas there in the previous six weeks—quite insufficient to feed properly the force battling there against the main thrusts of the Ethiopian Army.

The guerrillas lead a hand-to-mouth existence eating millet bread or just unsalted potatoes. Their diet is supplemented on rare occasions from the cattle rustled from farms near Asmara. They have no tea, sugar, salt, or milk. The chief reason for this shortage is the Ethiopian Government food blockade imposed this summer which made it hazardous for ELF supporters to smuggle food from the main Eritrean towns and cities. It was a luxury to share a chicken between myself and two others for three days.

Both the ELF and PLF have sent troop reinforcements into the Asmara region, although the former are predominant there. They have deployed their Dushka machine-guns—the heaviest weapon that they possess as yet—around the main crop regions where their senior commanders are taking over military operations to counter the expected all-out attack by Government troops. Militarily the two movements are now co-operating closely, having been fighting each other as recently as last November and plan a complete merger of their forces within the next two months.

At the same time the guerillas are laying virtual seige to the big cities. Asmara is being supplied by air and large army convoys pushing their way along the major roads to Agordat, Keren and Massawa are constantly ambushed, often halted and only occasionally break through. The guerilla squads operating in this area are small but flexible and operate with limited supplies of arms. Many units have no radio communications. But with any new influx of arms, it should do well within their capabilities to isolate the major Eritrean cities on the ground. With portable Sam-7s in their arsenal, even airlifts would become hazardous for the Ethiopian Air Force. At present the rebels are making nightly raids inside Asmara, attacking troops, camps and the airport.

The key to the coming battle may lie with the new arms consignments currently being shipped across the Red Sea from South Yemen (PDRY). These weapons originate in Syria and Iraq and are being moved down to Aden; there, they are put on *dhows* and landed along the remote Eritrean coastline. They are then loaded onto camels and transported inland. The ELF hopes that these supplies will change the tide of the war in Eritrea. They are said to include anti-aircraft guns, anti-tank weapons, and some portable SAM 7 missiles which were so effective against the Israeli Air Force during the October War.

Late last month the guerillas were still awaiting their arrival. "We have information that these new weapons are beginning to come ashore. We are like thirsty men waiting for water," one commander told me.

The Arab connection could be crucial to ELF hopes of success. So far Syria, Iraq and South Yemen have provided the chief political and financial backing although it is still limited in scope. The Arabs see this as a predominantly nationalist and Muslim movement whose military success would give them control of an important stretch of the Red Sea coastline. In reality the situation is more complex. The Eritrean secessionist movement is essentially a Marxist-orientated one whose leadership is trying to play down religious, ethnic, and cultural divisions which have split the ELF in the past.

I travelled for 500-600 miles with the ELF rebels to Agordag, Keren, and Asmara and there is clearly massive popular support for the fight for independence—the Ethiopian troops have lost all local sympathy by their brutal treatment of civilians. Local villagers live in constant fear of approaching Ethiopian troops and flee to the mountains.

It became clear that the Ethiopians are regarded in most regions that I visited as a hostile, occupying force. Equally apparent was the fact that the Ethiopian forces often equate civilians with the ELF and frequently appear to make no distinctions when it comes to exacting reprisals after battles with the guerillas.

"I was sitting under a tree on the road in Keren and I saw nine army lorries drive past," a 40-year-old villager told me in early September. "On the lorries were the bodies of dead Ethiopian soldiers. After burying them, soldiers came back to the market on foot and in Land-Rovers. I saw them take many people to their camp. I don't know what happened to them. At 6.30 in the evening they began to shoot in the market and it lasted for one hour. I fled to the mosque but I watched through a window. I saw with my own eyes three bodies and five wounded people. Three children were among the wounded."

The villager gave me his name but asked me to be careful for *fear* of reprisals from the Ethiopian Army. Near Asmara, a young student told me he had seen the bodies of six youngsters piled high on the doorstep of a private school near the Asmara airport on August 22. One of the dead was his best friend. He also related how on the same day he had seen heaps of dead people in another sector of the city. The statement which I took from civilians were often corroborated by other non-ELF sources. These atrocities appear to occur always after battles between the Ethiopians and the ELF.

In this particularly savage war reports of atrocities—usually difficult or impossible to check—have been a recurring factor. I visited Basidra near Keren where in November, 1970, Ethiopian troops were accused of massacring hundreds of villagers in the local mosque. We were told more than 300 had died of whom about 100 were children.

The mosque has been left as a macabre reminder of what had happened. Very few foreigners have seen Basidra. The village had been completely destroyed and in the mosque there were heaps of rags and plastic shoes of the dead. Outside were the mass graves. The walls were scarred with bullet holes.

But violence in this region is not one-sided. ELF death squads operating inside the Eritrean cities execute alleged informers and spies with brutal efficiency. The victim is warned twice by letter and then shot in the head once his death warrant is signed. "If they inform against us, we kill them," an ELF security official working with the death squad unit told me. "Some we just warn by shooting in the knee or the arm."

ELF security estimates that between five and ten people are assassinated each week in Asmara and up to 15 in Eritrea as a whole. Some have been shot in bars, others have been lured into traps by girls, or are hauled out of buses by guerilla squads.

Kidnapping is another weapon. I saw many Eritreans who had been spirited out of Asmara and other cities for trial by an ELF tribunal, probably in their base camp area near the Sudan. Many will face execution.

It is also a technique which the ELF is using to dissuade the U.S. from continuing support for Ethiopia. Four Americans are being held captive inside rebel areas. All are from the Kagnew communications base in Asmara used to track Apollo spacecraft and to relay messages to the Middle East and Africa by satellite.

Most ELF leaders are setting themselves a time limit of three to five years for independence. As things stand this ill-equipped and, in many cases, badly organised guerilla force can probably carry out a lengthy war of harassment. But their aim of mounting a full-scale offensive and taking on the Ethiopians in frontal confrontations must be regarded as over-optimistic.

However, if the Arabs match words with deeds, and the arms supplies arrive — and keep coming—then the Eritreans may well prove to be the first secessionist movement in Africa to succeed.

Australian crisis bid by Governor

BY KENNETH RANDALL CANBERRA, Oct. 21.

AFTER A BITTER, intransigent day of Parliamentary conflict, the Governor-General, Sir John Kerr, to-night intervened in Australia's constitutional crisis. He called the leader of the Opposition, Mr. Malcolm Fraser, to a 90-minute discussion at Government House but neither side would reveal the substance of the talks.

Mr. Fraser's office at Parliament House issued a statement in his name saying that he had been invited to Government House and as Opposition leader had considered it his duty to go. The constitutional position had been discussed "but I have no further comment."

There was widespread speculation in the Parliament that Sir John Kerr had summoned Mr. Fraser to express his displeasure at the constant Opposition statements in recent days on what the Governor-General should do by way of personal initiative in the deadlock that has followed the Opposition's refusal to pass the Budget in the Senate.

Although the Senate majority has voted to defer, not to reject the essential money bills associated with the Budget, senior Opposition spokesmen have asserted constantly in speeches that Sir John Kerr should step in and dismiss the Prime Minister, Mr. Whitlam, if he continues to refuse their demand for immediate general elections.

Mr. Whitlam conferred with the Governor-General earlier to-day after the Parliamentary Labor Party had elected a new member to the Ministry. Mr. Paul Keating, 31, was sworn-in by the Governor-General as Minister for Northern Australia after the ballot to replace Mr. Rex Connor, whose forced resignation from the Cabinet last week touched off the present chain of events.

Senator Ken Wriedt, formerly Minister for Agriculture, has replaced Mr. Connor as Minister for Minerals and Energy. Dr. Rex Patterson, formerly Minister for Northern Australia, takes over Agriculture.

As with to-night's talks with the Opposition leader, there were no details available of the discussion between the Prime Minister and Sir John Kerr.

The Labour Party majority in the House of Representatives to-day carried a motion declaring that the Senate's action in refusing to pass the Budget was "a direct challenge by that chamber to the authority of the House of Representatives."

Mr. Whitlam, leading the debate, accused the Opposition of "seeking to bring reprehensible pressure to bear on the Governor-General" to achieve an election they had failed to achieve by blackmail. If the Governor-General were to act in such a fashion, he said, "he would be dragged in the arena of party politics and the Crown would become the football of contending factions."

Mr. Whitlam declared: "I shall not advise the Governor-General to hold an election for the House of Representatives at the behest of the Senate. I shall tender no advice for an election for either or both houses until this constitutional issue is settled. This Government, so long as it retains its majority in the House of Representatives, will continue the course endorsed by the Australian people in May, 1974."

Kissinger-Mao chat 'a good sign'

PEKING, Oct. 21.

SECRETARY OF State Henry Kissinger met Chairman Mao Tse-Tung for an hour and 40 minutes to-day in a surprise session that a State Department spokesman called "very useful."

The unexpected meeting, Dr. Kissinger's third with Mao in eight trips to Peking, came so suddenly mid-way through his current five-day trip to the Chinese capital that Dr. Kissinger never attended a cocktail reception he was giving for 2,000 diplomats and others.

Dr. Kissinger, in a game of power politics, had invited the Soviet delegation to the reception.

A meeting with Mao, 82-year-old founder of the Chinese Communist state, is the highest honour Peking can bestow upon a visitor.

Diplomats said it indicated Peking's pleasure with the state of Sino-American relations. They said it was a good sign for President Ford's post-Thanksgiving Day visit which Dr. Kissinger is arranging.

"The Secretary found the meeting very useful," a State Department spokesman said. But no details of what was discussed at the meeting were announced.

Diplomats said that the exact dates of the Presidential visit had been worked out by Dr. Kissinger but they did not disclose them.

Mao's summons came when Dr. Kissinger and seven aides were meeting in the Great Hall of the People with Vice Premier Teng Hsiao-Ping, Foreign Minister Chiao Kuan-Hua and other Chinese officials.

UPI

Golan tension grows

BY LOUIS FARES DAMASCUS, Oct. 21.

SYRIA to-day complained that Israel is trying to increase tension in the Middle East by her claims to the effect that Syria is massing troops in the Golan Heights.

This followed a clash between a Syrian and an Israeli patrol early Monday morning which, say the Syrians, resulted in the wounding of four Israelis. The Israeli side had admitted to the fact of the clash, but claimed there were no casualties.

This is the second incident in less than a week on the Syrian-Israeli front line after a long period of relative calm. On October 14, Israeli soldiers fired at two Syrian civilians in the same location, killing both.

The Syrian Government official daily newspaper, Al-Baath, referred to statements allegedly made in the Israeli press quoting American sources, to the effect that Syria is reinforcing her positions in the Golan. The newspaper termed the news "misleading."

Insan Hijazi adds from Beirut: Yesterday's clash could be a sign that the Syrian regime of President Hafez al Assad is about to increase the pressure on the Golan Heights. Observers attached importance to the fact that Damascus chose to announce the incident officially and in a manner to suggest that the Syrians initiated it.

The Israelis earlier complained to the UN force that Syrian MiGs flew over Israeli-held territory twice in as many days in the past week. Observers noted the new Golan incident came after President Assad held consultations in Moscow 10 days ago, and in wake of redeployment of Syrian forces on the front with Israel. These forces, said to total 42,000 men, had been transferred from positions on the border with Iraq.

The streets here remained deserted as exchanges of machine gun fire and rockets continued sporadically to-day despite the deployment of additional security forces at main centres. The recurrence of clashes had interrupted the dialogue among the country's leaders for finding a way out of the crises.

Onus now on Smith to resume nationalist talks

BY TONY HAWKINS SALISBURY, Oct. 21.

AFTER MR. IAN SMITH'S publicised apology to the South African Prime Minister for his remarks on British TV last week that but for the Vorster detente initiative Rhodesia would have secured a settlement by now, the onus is on the Rhodesian Government to resume the dialogue with the nationalists.

The Pretoria communique on Monday evening included the assertion that Mr. Smith was making every effort to inaugurate talks aimed at solving the constitutional dispute. Political observers here believe that Mr. Vorster is likely to have demanded that the Rhodesian Government take early steps to revive the flagging detente exercise.

With Mr. Smith not due back in his Salisbury office for a few days, it seems clear that the Government will await the outcome of Sunday's consultative meeting of the Muzorewa faction of the African National Council, before deciding on its next move.

The most promising avenue open to Mr. Smith would appear to be bilateral talks with Mr. Joshua Nkomo, leader of the Rhodesia-based wing of the ANC, thereby excluding the Muzorewa wing of the Council. However, a large turnout of Muzorewa supporters at Sunday's meeting, where organisers say there will be 6,000 delegates, would, in all probability, torpedo such a bilateral initiative, forcing Mr. Smith to get the Bishop to participate, which would mean a return to the continuing dispute over the participation inside Rhodesia of exiled guerilla leaders such as the Rev. Sithole and Mr. James Chikerema, both of whom have sided with the Bishop against Mr. Nkomo.

Two Rhodesian political parties—both left of the government—have attacked Mr. Smith's recent performance, with the non-racial Centre Party, which has virtually no following at all, calling for the Prime Minister's resignation and the moderate Rhodesia Party criticising Mr. Smith's inept and "irresponsible" behaviour.

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APPOINTMENTS

CONTRACTS AND TENDERS

INVITATION FOR PRE-QUALIFICATION FOR CIVIL ENGINEERING WORKS AND FOR THE MANUFACTURE AND SUPPLY OF ELECTRO-MECHANICAL EQUIPMENT

The "Instituto Nacional de Electrificación"—I.N.D.E.—of the Republic of Guatemala, intends to call for tenders for the civil engineering works and for the manufacture, supply and erection of the electro-mechanical equipment for the María Linda Power-Plant, part of the Aguacapa hydro-electric scheme, and for the associated transmission line.

The main characteristics of the plant are as follows:—

—Installed capacity	3 x 30 MW
—Gross head	547 metres
—Design discharge	22 m^3/sec
—Height of diversion dam	20 metres
—Capacity of the daily regulation basin	270,000 m^3
—Length of headrace tunnel	12.5 km
—Length of surface penstock	approx. 4 km
—Powerhouse	Above-ground, Pelton machines
—Sub-station	230 KV
—Transmission line	single-circuit, 25 km long, 230 KV

Negotiations are taking place at present with the International Bank for Reconstruction and Development concerning the financing of the plant.

For the electro-mechanical equipment, the tender documents will be available from 15th January 1976, and for the civil engineering works from 1st February 1976.

All companies interested in tendering for these contracts may obtain the document "Información y Requerimientos de Precalificación de Licitantes" from 2nd November 1975, at the address given below, and against payment of Fifty US Dollars.

Applications for pre-qualification (or for the updating of the status of companies already registered with I.N.D.E.), together with all required supporting documents, must be received by I.N.D.E not later than 28th February 1976.

I.N.D.E.
6a Avenida, 2-73, Zona 4
Ciudad de Guatemala
GUATEMALA

Cable Address: INDE-GUATEMALA
Telex: 324 INDE-GU
Telephones: 65091/4 and 67991/4

LEGAL NOTICES

No. 003197 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of J. B. HUNTER ASSOCIATES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 30th day of September 1975, presented to the said Court by TRANE LIMITED of 43/45, High Street, Weybridge, Surrey, Creditors, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 3rd day of November 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHURST, MORRIS, CRISP & CO.,
17 Throgmorton Avenue,
London, E.C.2.
Agents for Shepherd & Wedderburn
of 16 Charlotte Square,
Edinburgh, Scotland
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 31st day of October 1975.

No. 002726 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WELBECK ENTERTAINMENTS (NORTHERN) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of August 1975, presented to the said Court by AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, whose registered office is situate at 71, Cornhill, London, E.C.3, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 3rd day of November 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ELLIS PEIRS & YOUNG JACKSON
17 Albemarle Street
London W1X 4AA
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 31st day of October 1975.

No. 003333 of 1975

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of T. & C. FOLEY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the 13th day of October, 1975, presented to the said Court by the Commissioners of Customs and Excise of King's Beam House, 39-41, Mark Lane, London, EC3R 7HE. And that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 17th day of November, 1975, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 14th day of October, 1975.

COMPANY NOTICES

THE CONSOLIDATED DIAMOND MINES OF SOUTH WEST AFRICA LIMITED
(Incorporated in the Republic of South Africa)

ORDINARY DIVIDEND No. 75

Further to the dividend notice advertised in the press on the 20th August, 1975, the conversion rate applicable to payments in United Kingdom currency in respect of the above-mentioned dividend is £1=R1.7914399 equivalent to 111.64203p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 6.418 per cent. and the effective rate of South West African Non-Resident Shareholders' Tax is 7.150 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. PATTISON

London Office: 40, Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.
21st October, 1975.

GOLD FIELDS GROUP
WATERVAL (RUSTENBURG) PLATINUM MINING COMPANY, LIMITED
(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND No. 48
UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of Dividend No. 48 declared on 30 September, 1975, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R1.791300 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 20 October 1975 as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Dividend No. 48 of 5.2 cents per share is therefore 2.90292p per share.

By Order of the Board,
C. E. WENNER,
H. J. GREEN.
Joint London Secretaries.

LONDON OFFICE:
49, Moorgate, EC2R 6BQ.
UNITED KINGDOM REGISTRAR:
Lloyds Bank Limited,
Registrar's Department,
Goring-by-Sea,
Worthing,
West Sussex BN12 6DA.
21 October, 1975.

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

DEFERRED DIVIDEND No. 111

Further to the dividend notice advertised in the Press on the 20th August, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the abovementioned dividend is £1=R1.7914399 equivalent to 4.46568p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. PATTISON

London Office:
40, Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.
21st October, 1975.

DE BEERS INDUSTRIAL CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND No. 63

Further to the dividend notice advertised in the Press on the 20th August, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the abovementioned dividend is £1=R1.7914399 equivalent to 3.07015p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. PATTISON

London Office:
40, Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.
21st October, 1975.

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

ORDINARY DIVIDEND NO. 25

Further to the dividend notice advertised in the press on the 11th September, 1975, the conversion rate applicable to payments in United Kingdom currency in respect of the above-mentioned dividend is £1=R1.795833 equivalent to 12.25058p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. PATTISON

London Office:
40, Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.
21st October, 1975.

ANGLO AMERICAN INVESTMENT TRUST LIMITED
(Incorporated in the Republic of South Africa)

ORDINARY DIVIDEND NO. 71

Further to the dividend notice advertised in the press on the 11th September, 1975, the conversion rate applicable to payments in United Kingdom currency in respect of the above-mentioned dividend is £1=R1.795833 equivalent to 52.90028p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 14.8515 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. PATTISON

London Office:
40, Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.
21st October, 1975.

DE BEERS INDUSTRIAL CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

ORDINARY DIVIDEND No. 50

Further to the dividend notice advertised in the Press on the 20th August, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the abovementioned dividend is £1=R1.7914399 equivalent to 12.55972p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. PATTISON

London Office:
40, Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.
21st October, 1975.

A. G. McKEE & CO.
on behalf of
YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS

INTERNATIONAL PUBLIC LICITATION NO. 7

PURPOSE: Supply of pressure vessels (drums, accumulators, separators, etc.) for a refinery of Cochabamba, Republic of Bolivia.

OPENING OF BIDS: On December 23, 1975 at the below-mentioned offices, at 11:00 a.m. The bids will be received until that date and time.

INTERNATIONAL PUBLIC LICITATION NO. 8

PURPOSE: Supply of T.E.L. and dye addition facilities for a refinery at Cochabamba, Republic of Bolivia.

OPENING OF BIDS: On December 19, 1975 at the below-mentioned offices, at 11:00 a.m. The bids will be received until that date and time.

BID BOND: 0.5% of the amount of the bid.

INQUIRIES AND DOCUMENTATION: Inquiries may be made and specifications and bidding conditions may be secured at the office of "A. G. McKEE & CO." Hipolito Yrigoyen 440, 8th floor, Buenos Aires, Argentina.

PRICE OF SPECIFICATIONS AND BIDDING CONDITIONS: U.S. $50.00 or its equivalent.

VALIDITY OF OFFERING: Ninety days following bid opening date.

FINANCING: By the BANCO INTERAMERICANO DE DESARROLLO (INTERAMERICAN DEVELOPMENT BANK), in accordance with Contract No. 225/OC-BO with the Government of the Republic of Bolivia.

PUBLIC NOTICES

WALSALL METROPOLITAN BOROUGH COUNCIL

£2,700,000 Bills issued 22nd October, 1975 due 21st January, 1976 at a rate of 11.447%. Applications totalled £24,100,000. These are the only Bills outstanding.

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HOME NEWS

Japanese nuclear deal talks prompt protests

BY DAVID FISHLOCK, SCIENCE EDITOR

ALLEGATIONS yesterday that a State-owned nuclear company was secretly planning to import large quantities of highly radioactive waste to secure Britain's biggest-ever nuclear export order, led to a storm of protest, with critics inferring that Britain was in danger of becoming "the world's nuclear dustbin."

Focus of the critics' concern is a contract British Nuclear Fuels has been negotiating with Japan for more than a year—and expected to be worth between £300m. and £500m.—to reprocess at its Windscale, Cumbria, factory the spent fuel from a group of Japanese electrical utilities.

Mr. Patrick Jenkin, Opposition spokesman on energy, yesterday called on Mr. Anthony Wedgwood Benn, the Secretary for Energy, to explain how the information has "leaked out." He said it was "deplorable that the Government allows news of important nuclear projects to leak out in this way."

Modest

Far from being kept secret, however, the negotiations between British Nuclear Fuels and the Enrichment and Reprocessing Group (ERG), representing the Japanese utilities, have been given considerable publicity for the past year—in the Financial Times, for example.

Last night, however, Mr. Wedgwood Benn gave an assurance that no contract to reprocess and store nuclear waste in Britain would be made without Government consent.

In a statement issued by the Department of Energy, he said the Government was considering whether it was "acceptable" to undertake this type of work for foreign countries.

"The Government's main concern in this is that the U.K. should not become a permanent repository for storing other countries' nuclear waste."

The Japanese contract concerns a total of 4,000 tonnes of spent fuel for reprocessing during the 1980s in a new £300m. facility British Nuclear Fuels is planning to build at its Windscale factory.

Although substantial, the quantities will still be modest compared with the spent fuel already arising from Britain's 11 magnox nuclear stations, which now amounts to 1,500 tonnes a year.

In addition, British Nuclear Fuels has already reprocessed about 700 tonnes of fuel from overseas reactors, principally from the two magnox reactors in Japan and Italy.

Stored

The highly radioactive waste arising from its reprocessing operations is stored in the form of a concentrated acid solution in sealed stainless steel vessels at the heart of the Windscale factory. The vessels about 20 feet tall and 20 feet in diameter, are continuously cooled, stirred and monitored for leaks and are being filled at the rate of about one vessel a year.

It is envisaged that the new reprocessing facility now being designed by British Nuclear Fuels, with the collaboration of three U.K. industrial groups—Woodhall Duckham, Taylor Woodrow and Stratchan and Henshaw—will incorporate a system of vitrifying the highly radioactive effluent to produce a glass-like solid only about one-fifth of the volume.

A process developed at the Harwell research centre of the U.K. Atomic Energy Authority has already been demonstrated on pilot-plant scale as a satisfactory way of producing stable glass ingots. But Mr. Con Allday, chief executive of British Nuclear Fuels, stresses that his company's own employees will be the people closest to the process and problems, "so we're not going to glass until we have got it right."

Conditions

His plans include a full-scale demonstration of the process technology, using non-radioactive materials, before the company attempts to vitrify radioactive waste.

British Nuclear Fuels has always assumed, in its negotiations for the Japanese contract, that the U.K. Government would require two conditions to be fulfilled.

One is a substantial downpayment by the Japanese towards the cost of Windscale's new reprocessing plant—put at around £150m. (at 1974 prices).

The other is an option on the British company's part to return the highly radioactive waste to Japan in the empty fuel flasks if and when a satisfactory vitrification process became available and if the U.K. Government should so require.

A new factor has now arisen in that the Government may also require a break clause that would permit British Nuclear Fuels to renege if it should find itself unable, for technical reasons, to return the waste as glass ingots.

The company believes this could greatly complicate negotiations.

Royal Shakespeare Company still faces £200,000 deficit

BY MICHAEL THOMPSON-NOEL

THE CONTINUING tribulations of the Royal Shakespeare Company were spelt out yesterday by Mr. Kenneth Cork, chairman of the governors of the Royal Shakespeare Theatre, in his annual report.

Although extra Arts Council aid meant that the RSC would not have to abandon work at the Aldwych Theatre, its London base, on November 30 as had been feared, the company faced a 1975-76 deficit of up to £200,000, said Mr. Cork. This meant that its presence at the Aldwych could be guaranteed only until the middle of next year.

There is a growing feeling in Arts Council circles that by harping on its money worries the RSC is beginning to lose public sympathy but Mr. Cork was at pains yesterday to spell out the facts as he saw them.

The Aldwych, he said, was not merely an adjunct to the company's work at the Royal Shakespeare Theatre, Stratford. "It is an essential part of a delicately balanced whole."

The Arts Council's grant to the company for 1976-77 would be considerably higher than the current £680,000, but still not enough to finance both the forecast 1975-76 deficit of £200,000 and a full programme of work next year.

"If no additional new funds can be found specifically to liquidate our 1975-76 shortfall," said Mr. Cork, "the future of the Aldwych will remain in doubt."

In the past year the company's financial position had been savagely attacked by inflation. This was especially true at Stratford, where for the majority of the audience a high proportion of the total cost of visiting the theatre consisted of the steeply rising costs of transport, food and hotel accommodation.

Another factor was the radically different economics of large-scale foreign touring, which meant that in 1974-75 the company's total revenue from films, television and overseas tours dropped from £153,076 to £24,921.

As a result of these two factors earned revenue last year rose by only 6 per cent.

On the other hand expenditure in real terms had been held to keep cost rises 10 per cent. below the rise in the Retail Price Index. "But not even these savings could bring our finances into balance, and the year's net deficit was finally reduced to £6,962 only because we called in their entirety on two supplementary guarantees against loss which the Arts Council had hoped would remain partially available to finance our 1975-76 work."

At Stratford, said Mr. Cork, the present season comprised only four productions instead of a normal five or six — the four were chosen to share a common set of costumes. At the Aldwych the season comprised mainly revivals and transfers from Stratford, and the company had switched from a repertoire to a cheaper repertory system to cut changeover costs.

Seat prices had been raised by over 13 per cent., and the RSC's planned work programme was budgeted to hold 1975-76 costs at 11.36 per cent. above the previous year's levels.

Spending cuts hit elderly

Services for the elderly—such as meals-on-wheels and home helps—may be cut under a Somerset county council drive to combat inflation.

Spending on social services in Somerset is likely to be slashed by nearly £500,000 over the next three years. The social services committee has been asked to prune its 1976-77 budget by £106,000. The reduction the following year is likely to be £138,000 while for 1978-79 a £207,000 cut has been requested.

But the growing elderly population of the county—expected to rise to more than 71,000 by 1986—will make heavy demands on the services.

Without extra cash the department fears it will be unable to continue supplying such services as home helps, meals-on-wheels, and special aids and telephones.

Grade boost for U.K. film industry

BY MICHAEL THOMPSON-NOEL

A boost to the ailing U.K. film industry was announced yesterday by Sir Lew Grade, chairman and chief executive of ATV. In conjunction with America's General Cinema Corporation of Boston, Sir Lew has set up a new company to make up to 20 big-budget films a year.

Half the films will be made in Britain. The new company, Associated General Films, will specialise in action, adventure and family entertainment films with a budget of at least £3m. each.

Sir Lew said he would retain full editorial control of the company. "I want to do away with the depression in the entertainment industry." He is to be chairman of the new company.

His ally, General Cinema Corporation, runs the world's largest cinema circuit.

Eight films are already planned and the new company may make up to 15 in its first year. Shooting of the first, The Voyage, begins in Britain next month.

It is understood the new company will have a revolving bank credit of $100m. guaranteed by the two partners.

"We believe we will be the biggest producer of major films," said Sir Lew. "This will benefit the country with foreign currency."

Stonehouse '£87,000 in Swiss Bank'

FINANCIAL TIMES REPORTER

IT WAS ALLEGED in court yesterday that more than £87,000 belonging to the accused Labour MP, Mr. John Stonehouse, was "hidden" in a Swiss bank account. Mr. Stonehouse got legal aid for his defence two months ago.

The money is said to have been paid in largely under a false name in various currencies before he vanished off Miami Beach, Florida, last year.

Second time

Details were given at Horseferry Road Magistrate's Court, Westminster, when the magistrate, Mr. Kenneth Harington, turned down defence arguments that bank records could not be produced as they were merely photo-copies of original records which the Swiss authorities would not release under their own laws.

This is the second time in recent months that the principle of allowing photo-copies of Swiss bank accounts has been accepted in a British court.

The previous occasion was during an Old Bailey criminal trial. So far, the principle has never been tested in the Court of Appeal.

A prosecution witness, Det.-Inspector Robert Lewis, who has visited Switzerland several times this year on Stonehouse case inquiries, said that earlier this month he visited Zürich and saw Dr. Paul-Dieter Klingenger, legal adviser to the Swiss Banking Corporation.

Sir Norman Skelhorn, QC, Director of Public Prosecutions, wanted the original bank records made available for the court, where Mr. Stonehouse is facing committal proceedings.

Dr. Klingenger, in compliance with Swiss banking law, refused to do this, but facilities were provided for the Scotland Yard officer to make accurate photocopies of three relevant accounts in the bank.

Dead man's name

These three accounts were all in the name of Joseph Arthur Markham, a dead man whose name Mr. Stonehouse was alleged to have assumed in a scheme to vanish from Miami and go to Australia.

Det. Insp. Lewis told the court that the accounts he had photocopied showed that on October 9 they carried a credit balance, with the sterling equivalent of £87,476 at that stage in the name of Markham.

This total represented the equivalent of £81,553 in securities, £5,695 in Swiss francs, and £228 in an American dollar account at the bank.

The bank, the witness added, had allowed him to copy further records which showed that between September and November last year more than £60,000 was paid into the so-called Markham account, including £14,909 in Swiss francs on September 20 and £30,219 on November 1.

There were also routine transactions in Markham's name between the Swiss bank and Australian banks.

Det. Insp. Lewis testified that he was also permitted by the legal adviser of the Swiss Credit Bank to copy some of its records.

Mr. K. Harington said he had allowed Det.-Insp. Lewis to give evidence because he had decided photo-copies of original Swiss banking records were acceptable in an English court in the circumstances.

The purpose of the Criminal Evidence Act, 1965, seemed in his view to permit their production.

Later, Det.-Insp. Lewis said he had visited Liechtenstein to see an executive of the Victa tra... company, which Mr. Stonehouse set up four years ago for business purposes.

He found that Mr. Stonehouse had arranged for part of the ... to be earned from a Lo... publishing firm, W. H. Allen... books and articles about his... to be paid into the Victa company.

21 charges

Mr. Stonehouse faces charges of theft, forgery, conspiracy and attempted fr... and is also charged with m... false statements to get legal... by claiming that he had capital savings on July 31.

Mrs. Sheila Buckley, former secretary, faces charges of theft and conspir...

The hearing was adjourned until today.

Short Bros hopeful for 'commuter airliner'

By Michael Donne
Aerospace Correspondent

SHORT BROTHERS and ...land, the Belfast aircraft ...facturer, is hoping to get ... certificate of airworthines... its new SD3-30 "commuter ...liner within the next few w...

Orders for this 30-pass... twin-engined airliner stand ... from three airlines—Com... Airways of New York (t... Air New England of Boston ... and Time Air of Alberta, C... (three).

Mr. Philip Foreman, man... director of Shorts, said y... day the company was conv... it could win North Am... sales of up to 100 aircraft ... the next five years or so.

Shorts could identify a ... wide market of 600 to 8... aircraft of this broad cat... of which the company ex... to win about 25 per cent ... and European interest i... SD3-30 was increasing ra... and further orders wer... pected soon.

One of the prototype S... has just returned from a... tensive sales demonstratio... flight trials visit to the ... Among airlines to whom ... demonstrated were Golden ... Airlines, Swift Aire and ... Airlines.

These are all "third lev... "commuter" airlines, whic... a requirement for an aircr... the SD3-30 type—a sho... medium range, 30-passeng... craft feeding into major ai... from smaller airfields, or p... ing local services between ... separate communities.

Two SD3-30s have bee... gaged in an extensive flyin... gramme, with about 450 ... already logged. The first p... tion SD3-30 is expected to ... November, and the comp... tooling for a maximum p... tion rate at its Belfast f... of four aircraft a month.

AA chief fea... 'victimisation' of motorists

Financial Times Reporter

THE AUTOMOBILE ASS...TION made a plea yesterda... the private motorist shou... be "victimised" in favo... public transport.

Mr. Alec Durie, the di... general of the AA, in a ... in Gasgow to the Scottish ... tion of the Institute of ... port, said the heavy inve... in private transport (£... spent on buying cars alo... year) called for a pol... "liberation."

"It is a rake's progress t... public money into buses to ... people out of their cars ... they are determined to ... the capital invested in the ... said.

Mr. Durie claimed that ... public transport carried ... cent. of traffic, subsidies ... amounted to 25 per cent. ... country's transport budge... AA had never been a... public transport; efficien... and rail movement must ... full part in moving peop... business, shopping or ... journeys. But the indi... must be free to decide wh... to use public transport a... choose which service suite... best.

'Stop treating industry as a milch cow'

INITIATIVE must be rew... and encouraged, rather ... stifled with "vindictive" ... measures, otherwise there ... be little prospect of incre... production and exports, M... Kelsall, the CBI's Welsh ... tary, told the confeder... North Wales members a... Asaph yesterday.

The Government's anti... tion policy must be ma... stick, even though there ... unpopular aspects, he adde... the policy was breached, th... sequences, particularly fo... lower-paid and those on fix... comes, would be serious.

Profit must be recognis... the "fountain from which c... all good things. We must r... profitability to industry ... business and stop treatin... dustry as a milch cow."

Import curbs could be necessary, says car chief

BY TERRY DODSWORTH

FORTHRIGHT WARNING some form of short-term im- controls might be necessary rotect the car industry was n last night by Sir William y, president of the Society Motor Manufacturers and lers.

r William stressed that the stry did not want controls rced. But he added: "There times, I am afraid, when, in r to protect the principle of trade in the long term, t-term restraints are neces-

What I am saying is that e is a ceiling past which im- s cannot be tolerated by any try that wishes to retain a thy domestic industry. And also saying that when im- s approach 40 per cent., we gone past that ceiling."

Speaking at the annual dinner of the Motor Agents' Association he said the EEC neighbours would be as concerned as Britain if they had a similar imbalance of trade.

In a thinly-veiled reference to imports from Western Europe he said a time would come when the EEC must face up to "excessive vehicle imports from non-member countries, especially low-priced imports emanating from countries whose Governments must have the resulting foreign currency."

By raising the issue of import controls at the time of the Earl's Court Motor Show, and in front of members of the MAA, which includes many distributors of imported cars, Sir William has made sure that the issue is kept on the boil. Having opposed import curbs, the British manufacturers appear to be doing their utmost to bring pressure on overseas competitors to impose some form of voluntary restraint.

Statements from Japan have already indicated that some concessions may be made there. But so far, with both Volkswagen and Renault pursuing aggressive sales policies in the U.K., and Fiat reorganising its distribution network to improve its market share, British manufacturers seem to have made little impression on their EEC competitors.

British Leyland in particular is anxious to avoid import curbs which affect the EEC because the basis of its survival plan depends on exports to Europe.

In his speech Sir William made no effort to hide his belief that the British industry was facing an extremely grave crisis.

He said that the foreign cars he saw in the "car parks of vehicle manufacturers, trade unions, Government departments *and dealers in British cars"* were putting at risk many British jobs, including those of the motorists themselves.

Mr. Lionel Altman, president of the Motor Agents' Association, stressed that the association was also opposed to trade restrictions. His members, he said, believed that the "consumer can only benefit from competition and free choice of all makes." He hinted that British exports had been weakened by low production standards.

70 shops to lose royal warrants

FINANCIAL TIMES REPORTER

SOME 70 shops are to lose the right to describe themselves as "by Royal Appointment" by January 1979, under a decision reached by the Royal Warrants Commission after consultations with the Queen. Ultimately several hundred stores and shops *could be affected.*

Among those likely to lose their royal badges of approval are Hawes and Curtis, shirt-makers to George VI, A. E. Skinner, described as jeweller and silversmith by appointment to George V and Block, Gray and Block, wine merchants to George VI. Several department stores will also be affected, including Peter Jones and Liberty's.

The decision basically covers royal warrants granted by George VI, George V, and Queen Mary. The decision was taken, according to the commission, because the royal household felt some rationalisation was necessary. Apparently many stores now describing themselves as by royal appointment are not used.

The Queen and living members of her *family* are thought to have dealt at between 500 and 700 shops bearing the warrant. The Queen herself has granted new warrants to "several" companies. All told, there are 1,038 royal warrant holders, according to Buckingham Palace, most of which belong to the Royal Warrant Holders Association, which was founded in 1840.

As a kind of exchange for the cancellation of redundant royal warrants, there is to be a new method of continuity after 1979.

Bowater-Scott warning

BY LORNE BARLING

BOWATER-SCOTT, Britain's *biggest tissue manufacturer,* gave a warning yesterday that despite a 92 per cent. increase *in its prices since 1973, it was* not generating sufficient capital for future investment.

The company, which has just completed a £17m. investment in a new mill at Barrow-in-Furness, Cumbria, is now seeking a further price rise of 2 to 3 per cent. in an effort to improve margins.

The new mill, with a capacity of 150,000 tons a year, and the company's biggest outside the U.S., was started in April, 1973, and employs about 1,300 people. It manufactures a large range *of Bowater-Scott products* including facial and toilet tissues, and kitchen towels.

Mr. James Stocker, chairman and managing director of the company, which is jointly owned by the Bowater Group and Scott Paper of the U.S., said that since early 1973 pulp costs had risen by 144 per cent. and labour costs by 62 per cent.

Slump in engineering orders likely to last well into 1976

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THERE IS considerable anxiety in many sectors of the mechanical engineering industry about prospects for the next six months, according to the short term trends working party of the mechanical engineering Economic Development Committee.

The industry "has clearly not yet felt the full impact of the recession" and many companies "are likely to face increasingly severe shortages of orders resulting in sharp cutbacks in employment or increases in *short-time working over the next* year," it adds.

But the "Little Neddy" says that the "trough" in the new order cycle has probably now been reached. The problem is that the intake of new orders will probably "bump along the bottom" until the second half of 1976 when a cyclical upturn could begin.

Meanwhile, *new orders* remain at even lower levels than in the last recession.

Orders from U.K. sources *previously expected to underpin* demand in 1975—like those from the British Steel Corporation and the National Coal Board—as well as orders stimulated by various Government support schemes (for foundries, machine tools and Leyland for example) are expected now to build up mainly in 1976.

And the main rise in overseas *orders is now expected to occur* later than previously forecast, starting in the U.S. in the spring or summer of 1976, then extending to Europe and accelerating into 1977.

Expansion in West Germany, France, Italy and Japan appears to be lagging behind that of the U.S., the EDC points out. The main increase in their ordering of capital goods is not now expected until mid-1976. "Most European mechanical engineering industries are reported to be expecting output to remain depressed through much of 1976."

Widespread

Those sectors where order prospects remain encouraging include agricultural machinery (including tractors), mining machinery, equipment for energy conservation programmes, fabrications and other equipment for the North Sea as well as for the OPEC countries and Eastern Europe.

So the "Little Neddy" can see shortages *of skilled labour at the* heavy end of the industry running hand-in-hand with rising unemployment elsewhere in mechanical engineering.

The latest available employment statistics indicate the falling level of activity in the industry. Employment *fell by* 6,000 a month on average between March and June this year.

Short-time working was by May this year more widespread than when the 1972 recession *reached a comparable stage,* as was unemployment. But overtime working and unfilled vacancies were still well above the 1972 levels, reflecting the strange mixture of redundancies and shortages of skilled labour in the industry.

The Little Neddy adds that, when movements in exchange rates are taken into account, the U.K. industry *appeared to have* lost price competitiveness against the U.S., West Germany and Japan "only to a small *extent" in 1974 and the first* quarter of 1975. The recent further depression of the pound may have stabilised the position.

The industry must expect a marked drop in production in the fourth quarter of 1975 and a further fall of perhaps 3 to 4 per cent. is *likely* in the average level of the index of production for 1976, the greater part occurring in the first half of the year.

Increases in materials and wages costs are likely to slow down, particularly in 1976, partly as a result of market pressures and partly because of the counter-inflation policies.

One bright spot in the report *is that in real terms imports fell* as home demand declined this year—something which did not happen in the previous recession. In the first half of 1975, the current values of exports and imports of mechanical engineering products were respectively 44 per cent. and 18 per cent. higher than in the first half of 1974.

Mechanical engineering short-term trends, free, from Neddy Books, NEDO, Millbank Tower, Millbank, London SW1P 4QX.

Avon Tyres plans ncrease in output

Y TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

INST the trend of the essed motor components stry Avon Tyres, the Avon er subsidiary, yesterday unced a major expansion ramme which will create 250 jobs and generate at least *of turnover* a year for the four years.

e move, which involves a facturing agreement with Swedish rubber group eborgs *Gummifabriks,* con- Avon Rubber's continuing itment to the tyre industry. comes only two months after enior directors, one of them John Swanborough, the ging director, resigned from Board because their fellow tors refused to reduce the any's dependence on tyres lickly as they would have

that time it seemed that the lroom dispute concerned the pace of the 's diversifications. Yester- announcement, however, indicates that Avon has had second thoughts about running down its tyre output.

Under the agreement with Trelleborg, the Swedish company will cease its production of radial car tyres and hand over the moulds to Avon. The British company will then produce some 250,000 tyres a year for Trelleborg, under the Swedish company's brand name, which will all be sold in export markets.

When Trelleborg production is finally concentrated at Avon's plant at Melksham, Wiltshire, it will account for about 25 per cent. of the group's radial tyre output.

Trelleborg's decision to drop car tyre manufacturing follows a new policy of concentrating its Swedish production on heavy service tyres for mining, agriculture and forestry industries.

About half Avon's output for Trelleborg will go for distribution through its Scandinavian marketing network.

lew EEC rules will liminate rogue hauliers

ARTHUR SMITH

E AND MAVERICK trans- operators should be ated under an initiative by the European Economic unity, Mr. Ken Hatcher, man of the Road Haulage iation, said yesterday.

his address to the annual rence at Bournemouth, he hat a directive, due to come effect at the beginning of would require operators to good repute, of adequate ial standing, and profes- ly competent.

eally stringent conditions of into our industry ought to at least the virtual elimina- of the rogue and the ick and an end to insen- rate cutting, although, of e, there will be enough tition to satisfy customers," ld.

her standards would also productivity. "With more conditions, members will correspondingly more ragement to work closely er. On every aspect of business they will at least ole to reach agreements they can be reasonably *sure will not be almost imme*diately torpedoed by other operators or even by some of the actual parties to the agreement."

The major problem with the directive would involve "grandfather rights," under which those already in the industry would be allowed to continue operating without a further examination and scrutiny.

In general, hauliers who had been in business for three years before the directive would be eligible. But Mr. Hatcher said the problem peculiar to Britain would be to ensure that the applicant was genuinely in the hire and reward field — and not entirely on own account work or dabbling in the occasional return load. Reasonable additional evidence on that point ought to be required.

Mr. Edgar Williams, chairman of the national joint training committee, outlined to the conference details of the scheme to be introduced shortly under which school leavers can train for up to five years to qualify for the heavy goods vehicle licence.

hree battery projects be co-ordinated

DAVID FISHLOCK, SCIENCE EDITOR

EMENT to co-ordinate ch programmes on a new eight electricity storage n, to which more than £3m. ready been committed, was nced yesterday by the tment of the Environment.

agreement, concerning opment of the sodium- r battery, has been signed en the environment depart- the Department of Indus- he British Railways Board, .K. *Atomic Energy Autho-* nd Chloride Silent Power.

battery, a U.S. invention e Ford Motor Company in is one of the most promis- the new electricity storage pts, *providing* almost five the capacity of the same t of lead-acid battery.

earch is being carried out ree organisations in the Chloride Silent Power, a venture between the *ide Group and the Elec-* Council, which last year hed a £2m. programme to op a sodium-sulphur battery ad transport. British Rail's rch laboratories are engaged £575,000 project, funded by environment department, at developing a battery for raction which, for example, allow electric trains red by overhead lines to te through long tunnels.

third project is a two-year. 00 programme at Harwell, d by the Department of try.

ler the terms of the agree- *all parties* have agreed to nge data on the develop- design and manufacture of ew battery. The three pro- nes will also be co- ated, with specific aspects ntrated at one or other of *hree research centres. All* patents will be vested in Chloride Silent Power, which will fund and control the patent action on behalf of all parties.

ITV plans Olympic talks

By Michael Thompson-Noel

THE EXTENT of Independent Television's coverage *of* the *Montreal Olympic Games next* year depends on talks with the BBC about "alternative" coverage of events, Lady Plowden, chairman of the IBA, said yesterday.

Total U.K. rights for the Games are expected to cost up to £500,000.

Lady Plowden said there were three different ways to cover the Olympics. The first was for both sides to show the Games at the same time, but with different commentaries, *which could irritate the public.* The second was for one channel to show nothing and the other side to showw all, which seemed unfair.

The third was for ITV and the BBC to take turns in receiving events from Montreal.

"This seems to me to be a reasonable compromise," said Lady Plowden, "and I hope very much that this will be seen by the BBC's Board of Governors."

ITV opted out of coverage of the last Olympics, in Munich in 1972, and in the process handed huge audiences to the BBC.

The last time the controversy over "alternate" coverage of major sporting events arose was during the World Cup soccer competition in Munich last summer when certain key matches were covered simultaneously on both *channels.*

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SHIPPING

New moves in marine automation

ASEA'S COMPLETE range of shipboard automation systems has been rationalised in the latest models recently introduced to the marine market. Use has been made of bus techniques, "building brick" system components and decentralised system functions.

This technique enables these "local systems" to function independently of each other and an effective wire reducing data transfer technique is thus achieved.

By the use of a central processing unit, either independently or in combination with the local systems, comprehensive and effective monitoring of the entire machinery can be obtained and displayed in digital or analogue form with recording and remote transmission facilities. A local system consists of a control/display unit and a number of function modules connected in an identical manner independent of the function of the individual module.

The CPU is part of a complete system called DS-8 which has a micro-processor as the basic unit controlling a function memory of the PROM (programmable read only memory) type, and a data memory of the RAM (random access memory) type, which perform the required control and monitoring duties for every application.

Buffer memory

Process signals are fed into the RAM by continuous scanning of the interface. The RAM is also used as a buffer memory for intermediate calculation results and batch outputs for displays and telex transmissions. All programs, both application and standard, such as process input/output, display and telex punch are stored in the PROM, a semiconductor memory in which the information will be retained even if the supply voltage is disconnected.

ASEA (Great Britain), 41, Strand, London WC2N 5JX (01-930 5411.)

Meanwhile, IBM United Kingdom has a new program for the IBM Maritime Application/Bridge System (MABS). Called the maritime application/stress and stability analysis program, it has been developed by the company's Boca Raton, Florida, laboratories. It requires no additional equipment and runs concurrently with other programs in the system.

Cargo officers can use the MABS console to enter loading information and assess, via the video display, the effect of the load on the ship's status.

To incorporate the program into the system, the IBM systems engineer loads fixed data describing the ship's design and layout. This data, unique to individual ships or fleets as required, is then stored in permanent form on the integral magnetic disc of MABS.

IBM, 101, Wigmore Street, London W1H 0AB (01-935 6600).

● PACKAGING

High volume packer sealers

AUTOMATIC fibreboard case packer/sealers developed for high-volume situations in the food manufacturing industry have been introduced by Precision Engineering Products (Suffolk), Atlas Works, Cullum Road, Bury St. Edmunds, Suffolk (0284 2097).

There are two machines, the Side Loader and the Bottom Loader.

Operating at up to 20 cases/minute, the former side loads cases, enabling the amount of board used in each case to be kept to a minimum. The company says a user should cut his board costs by some 14 per cent.

Basically, the machine carries out four functions: case erection, product collation, product packing and case sealing. The only regular operator duty is ensuring that the case-flats magazine, which holds up to 150 flats, is kept stocked.

Sealing can be by PVA, hot melt or tape. Once the sealing medium has been applied, from heads on either side of the machine, the case passes through a belt or roller compression section, depending on the sealing system chosen.

Because the base of the case is designed to the smallest area, the Bottom Loader also offers savings in board. It is designed on a modular basis and consists of four inter-locking sections. It operates at speeds of up to 12 cases/minute, or 240 tubs/packs/minute.

Like the Side Loader, the Bottom Loader can be supplied with PVA or hot melt adhesive systems, or 50 mm. tape sealing.

● ENERGY

Consultancy on coal

TWO BRITISH organisations—NCB and Babcock and Wilcox are to join forces to market their know-how and experience on an international basis.

National Coal Board and Woodall-Duckham, a member of Babcock and Wilcox power and process engineering group, are setting up a consultancy to advise on the application of both new and established coal processing methods from the mine surface to the transmission line, gas grid or industrial user.

Among services to be provided will be evaluation and selection of technology, pilot or semi-commercial scale testing and development, assessment of capital and production costs, and advice on operational techniques.

NCB operates major coal research facilities staffed by 600 people with current emphasis on the development of new processes and equipment for coal utilisation.

Woodall-Duckham and Babcock are deeply involved in fluidised combustion of coal, gasification of coal to yield SNG or fuel gas and the elimination of smoke and effluents.

● PROCESSES

Steps up production of footwear

IMPROVEMENT in footwear production work flow can be achieved, it is claimed, with a gas-powered in-line heat setter introduced by Cox and Wright. It employs catalytic gas elements using natural methane or propane gas for its heat source. It is claimed to be more economical than conventional electrically-powered machines and the chemical reaction on which it depends provides moisture which could aid the setting process.

Incorporated into a production line as a link unit between the lasting machine and the bottom preparation stage, the heat setter accommodates boots and shoes of most heights manufactured from leather and synthetic materials.

Lasted boots or shoes are placed on the setter conveyor and one of three speeds selected. At the exit a fan cooler reduces the temperature for easy handling.

Operating heat is provided by a chemical reaction between the gas and atmospheric oxygen at the catalysts. The catalyst panels are flameless, the gas always remaining below ignition temperature.

The generated heat will not ignite flammables such as cements or solvents on the footwear, says the company, which is at Wellingborough Road, Rushden, Northants (09334 56341).

Temperature variation over a range from 70 to 180 degrees C is achieved by a high/low change facility which enables heat intensity to be changed quickly should the production line change from one type of upper material to another. Once timing and temperature have been set the equipment requires no separate operation.

Ultrasonic cleaning of fossils

ORIGINALLY designed for fuel atomising and the cleaning of diesel fuel injectors, an ultrasonic device developed by Simms Group Research and Development, Concord Road, Western Avenue, London, W.3, is being successfully used by museums and archaeologists for cleaning fossils and delicate artefacts.

Modification was carried out in association with the Fossil Fish Section of the British Museum (Natural History) to provide a hand-held pistol-shaped cleaning probe.

Delicate fossils can be cleaned without danger to their fragile structures, says the company, and it is possible to retain much of the fine detail of the specimens which might be lost with harsher cleaning methods. It has been found that the ultrasonic pistol considerably reduces the cleaning time required to prepare fossil bones—at the British Museum 200 specimens were prepared for exhibition in 18 months, a job that would have taken two years by conventional cleaning methods.

The instrument can, of course, be used in industry for cleaning fine mechanisms, watches and jewellery.

Its main spheres of interest are hydraulics, combustion, noise and vibration, electronics and ultrasonics. It will carry out research in these areas on a contract basis.

To market spring testers

AN AGREEMENT has been signed between Bennett Tools, a TI Machine Division company at Redditch, Worcs., and the Carlson Company of Oceanside, New York, for the supply of Carlson precision spring testers as an exclusive agency in the U.K., East and West Europe (including USSR), and for a non-exclusive arrangement in Asia, Australia, Africa, South Africa and South America.

The range covers compression, extension, and torsion testing of springs and twist testing of wire for spring making. Some of the machines are accurate to within 0.25 per cent. and are certified by the National Bureau of Standards (U.S.).

Printing on anodic film

SOLUTION of a problem which has defeated U.S. and Russian developers is claimed by a small London company—that of securing durable anodic colour prints on aluminium.

It is a printing process which starts with an anodic film to which pigments are transferred from a paper carrying the design. This sub-listatic paper is placed on the film and the sandwich "cooked" in a heat press at temperatures from 180 to 220 degrees C. Most of the pigment migrates by sublimation into the film to produce the required pattern.

It is in the next step that Statant Universal Prints claims to have made the real advance and has protected its work—carried out by Mr. Thomas Skinner—by patent in most countries.

This is the sealing of the pattern in the anodic film for which water-based methods are uns[…]able since they would leach most of the colour; Statant [...] chemicals and methods hith[...] not applied and has succeede[...] perfecting the process to [...] degree that at least 96 per [...] of the colour stays in the surf[...]

The method is ready for [...] on aluminium goods which [...] subjected to the ordinary [...] and tear of household and [...] mercial life. Further work [...] hand to select pigments [...] refine the method so that des[...] can be applied to alumin[...] objects which are subjected [...] considerable degree of hea[...] such as saucepans. It is wi[...] reach of complete success.

Statant Universal Prints i[...] 335 West End Lane, Hampst[...] London NW6 (01-435 1161).

● SERVICES

Biggest of the bureau groups

BOC DATASOLVE is to [...] from First National City [...] its Computer Projects (C[...] bureau subsidiary which [...] provides software services.

This latest move confirms [...] big BOC service company as [...] largest in Britain. It gr[...] Datasolve (2x 1904A; 2x 360/[...] Electra (1902A replaced [...] terminal); Systemsolve (2[...] Sanaco (H-615); its own [...] 370/158s and now the CPL [...] 50. To this must be adde[...] 40 per cent. interest in [...] Triad software and consult[...] venture.

CPL's range of services [...] be maintained, and Mr. [...] Eyeions continues as mana[...] director of what BOC descr[...] as a profitable business.

BOC is at 01-828 7868.

● SECURITY

Switches on from coded keyboard

ACCESS TO any kind of electrically operated equipment can be barred to all employees, except those who have been told a four figure code, by making use of the Digiguard 8080 unit.

Robustly constructed for industrial use, it measures 171 x 121 x 55 mm and is based upon a large scale integrated circuit. An easily remembered four-figure code number is entered via the keyboard and the unit makes an internal comparison with the correct number which is stored in an erasable memory. Any tampering with the keys resets the unit and switches the power off.

Correct key depression is recognised by the logic and a 15 A relay with double pole power isolation is activated. Also available is a single-make contact for external contractor operation.

The code number can be changed by entering the new number into the keyboard after operating an internal switch. Digiguard is made by Static Devices, Banbury, Oxfordshire OX16 OTE (Banbury 3969).

● HEATING

Prevents wastage of heat

AIR TO air heat recuperators made by Recuperator Spa, Italy, are for commercial and industrial applications and high fresh air installations such as hospitals, swimming baths, conference rooms, restaurants, etc.

It is claimed that up to 90 per cent. of the normally rejected heat can be recovered from exhaust air within operating temperature limits of −22 to +144deg.F. on the standard HR and up to 320deg.F. on the HDR high temperature model.

Absence of moving parts eliminates the need for maintenance other than cleaning and the separation of the airstreams obviates cross contamination of the supply of air by the exhaust air.

Counterflow operation ensures a high energy recovery efficiency and both latent and sensible heat are exchanged. The unit will operate satisfactorily up to relatively high pressure differences of up to 70 mm wg between the two airstreams which allows flexibility of application, says the maker.

A feature of the unit is that due to wide spacing between the plates it can operate even if partially frosted, and during winter operation it is not necessary to pre-heat the outside air to avoid frost formation.

The equipment is available in the U.K. from Climate Equipment, Highlands Road, Shirley, Solihull, West Midlands B90 4NL (021-705 7601).

● TRIBOLOGY

Lubrication where it is wanted

TO SUPPLY oil where it is wanted and in the correct amounts is not always possible with compressed air operated equipment.

Usually too much oil is supplied in the air line, resulting in an oil mist in the exhaust—a dangerous pollutant—alternatively, if the tool is at any height the oil does not reach it, and accumulates on the walls of the air line.

Delta Fluid Power, Argyle Street, Birmingham B7 5TF (021-327 4563) claims to have solved these problems with a device imported from Germany called the Dropshot. This will not only lubricate air-operated units, but will supply oil to any other points required, up to a maximum of 12 outlets.

The unit is powered from an air line (from 45 to 240 psi) and uses pneumatic signals (say the start of an air tool) to pulse oil to the point of application in a 1½ mm. bore plastic tube (the tube remains constantly filled).

Oil or any other liquid can be used, with a viscosity of from 42 to 3000 Redwood. The quantity per pulse can be varied from 3 to 30 ml. (1/10th to 1 drop).

Since an exact amount of oil can be supplied, it is all consumed in lubricating the tool and there is no mist in the exhaust. Because there is a solid column of oil in the supply tube there is no problem in lubricating distant points.

With small modification the device could be used with hydraulic as well as pneumatic systems, and it is adaptable to other uses than lubrication—for example, ingredient mixing, colour mixing, marking, etc. Application can be automatic or manual.

Lubricant saving

MAJOR British companies are to work together in a scheme to encourage a big increase in the recycling of lubricating oil.

Croda Synthetic Chemicals will use its specialised knowledge and plant for the fractional distillation of waste oils, at Four Ashes Works, near Wolverhampton. Croda's head office is at Oldbury, Warley, West Midlands. Dalton and Co., of Belper, Derbyshire, will take this feed stock and complete the refining and finishing.

Every year almost 1m. tonnes of lubricating oil are marketed in Britain, but only a fraction—about 8 per cent.—is returned for recycling. The rest of it pollutes rivers, fouls drains, or is left in odd corners of garages.

Lubricating oil can be recycled, quickly and efficiently, and it loses nothing in quality—and North Sea reserves will not supply significant amounts of heavy grades.

In the new scheme, a series of collection agencies has been established to cover England, Wales and Scotland. Arrangements are in hand to have the names and addresses of collecting agents available at garages all over the country.

Eventually some 5-10 per cent. of the country's lubricating oil requirements will be met from the re-refining plant for which capital involvement is £1.2m. At current market values potential sales will initially be £4m. representing 50,000 tons per annum input which would be reflected as a reduction in crude oil imports. There are plans for further expansion when necessary.

Dalton is on Belper 2374.

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HOME NEWS

Teesside jobs boost as Seal Sands £120m. oil terminal is opened

Y RAY DAFTER ON TEESSIDE

'HE NORTH SEA development rogramme received a major oost at Teesside yesterday with ie inauguration of the Ekofisk ipeline and £120m. Seal Sands erminal.

The Phillips Group, operator f the Ekofisk Field, has already arted pumping crude ashore ad a tanker with the first load f crude from the terminal is ue to leave for Norway later is week.

This marks the start of a new a. Up to now, oil tankers have f-loaded rather than loaded in

MR. JOHN SMITH, Parliamentary Secretary at the Department of Energy, is greeted at Teesside Airport by Mr. H. L. Wendel, manager of operations at the Ekofisk terminal.

U.K. The oil is being mped ashore through a 220-e-long submarine pipeline at rate of 300,000 barrels a day, ut one-third of the maximum ign delivery capacity.

t is envisaged that the flow oil and associated natural gas ields will build up to 500,000 rels a day by 1977 and more as new fields are brought on line.

The pipeline, together with terminals and other production facilities, is costing the Ekofisk developers more than £1.4bn. Inflation and weather problems have increased the development cost from the estimated nearer £1bn. of a few years ago.

The arrival of the piped oil from Ekofisk coincides with the start of British Petroleum's pipeline between the Forties Field and Scotland. Indeed, it was touch and go which of the North Sea development groups would start pumping operations first.

Mr. John Smith, Parliamentary Secretary of State for Energy, said the start of the Ekofisk pipeline was an "historic occasion." The project and the Forties Field development—which will be opened by the Queen on November 3—were the first operation pipelines to land oil from the North Sea field.

Mr. William Douce, president of Phillips ePtroleum, said the Teesside terminal had given employment prospects in the area an important boost—4,500 workers were being employed on construction work and 450 would work on the site when the terminal was fully operational.

Ekofisk is the largest offshore project so far undertaken in Europe, as Mr. Arve Johnsen, managing director of the Norwegian Statoil organisation, which is a participant in the venture, pointed out.

The development resulted from close co-operation between Britain and Norway across the median lino. Ekofisk was the first major oil and gas discovery in the North Sea, found just before Christmas, 1969.

To indicate the extent of the development Mr. Johnsen pointed out that 25 per cent. of the world's offshore pipe-laying capacity had been used for the project.

The pipeline and terminal are operated by Phillips on behalf of the joint owners, the Phillips Norway Group and Statoil.

These two parties have jointly formed a new British company, Norpipe Petroleum U.K., to own part of the shore terminal facilities. A similar Norwegian company has been set up to own the oil pipeline and also a natural gas pipeline from Ekofisk to Germany.

The Phillips Norway Group which holds the relevant Norwegian offshore production licences comprise Phillips Petroleum (36.96 per cent.); American Petrofina Exploration (30 per cent.); Norsk Agip (13.04 per cent.); and the Petronord Group (20 per cent.).

The Petronord interests are: Elf Aquitaine (8.094 per cent.); Norsk Hydro (6.7 per cent.) Total Marine (4.047 per cent.); Eurafrep Norge (0.456 per cent.); Coparex Norge (0.399 per cent.); and Cofranord (0.304 per cent.).

Dunlop-Pirelli protest may get mixed response

BY OUR LABOUR REPORTER

A BID to mount an international day of protest to-day against the activities of multinational rubber companies is expected to draw a mixed response in Britain.

An unofficial combined shop stewards' committee for the British rubber industry has called a 24-hour stoppage in support of the protest. This is expected to be largely ignored by the 15,000 manual workers employed by Goodyear and Michelin but may be supported by some Dunlop-Pirelli plants, particularly in the Merseyside area.

The decision to organised protest action was taken by a conference in Liverpool six weeks ago of shop stewards from Britain, Germany, Italy, France and Spain. The Dunlop-Pirelli stewards' international steering committee has played a leading role in trying to co-ordinate the international action and Mr. Charlie Parker, the committee's secretary, said yesterday that demonstrations would take place in Italy and France to-day as well as strikes in Britain.

The stewards say they want to draw attention to the investment *policies of the multi-nationals.* They claim that employment in Europe is being run down in favour of investment in the Third World where labour is cheaper.

LABOUR NEWS

Leyland plant reopens

By Our Midlands Correspondent

ONE OF the three British Leyland plants closed by disputes re-opened yesterday, when 20 security guards at Rover's Cardiff gearbox factory withdrew pickets for talks over manning levels, and 900 workers were able to resume.

But output of Triumph cars at Coventry remained at a standstill for the second day, with losses mounting by about £10m. daily.

This results from a three-week strike by 1,000 white-collar members of the transport union protesting at alleged delays in implementing a new job evaluated wage structure. Nearly 3,000 are laid off at Coventry and another 800 at the associated Merseyside plant.

Management has cut off power supply at the Sherpa light van factory in Birmingham where 800 are picketing after being laid off for four days from yesterday. The power cut was to prevent an attempted "work-in."

At the Rover plant at Solihull, making saloons, Land-Rovers and Range Rovers, more than 1,000 members of another staff union—APEX—have for nearly a week been imposing sanctions that threaten to stop assembly lines.

British Leyland is maintaining silence about reports of willingness to dismiss five draughtsmen at the Longbridge, Birmingham, plant and pay them some £26,000 compensation to avoid a union closed shop dispute.

It is understood that four of those reluctant to join a TUC-affiliated white-collar union have now applied for membership to the Technical and Supervisory section of the Amalgamated Union of Engineering Workers (TASS).

Mr. John Rowan, national officer of TASS for Leyland Cars, said last night: "There *has been a closed shop for many* years and we hope the new members will contribute their subscriptions as well as their views."

AUEW to fix pay claim details in December

BY ROY ROGERS, LABOUR CORRESPONDENT

THE ISSUE of whether Britain's 3m. engineering workers should challenge the Government's counter-inflation pay policy with their next national pay claim will be the subject of a special Amalgamated Union of Engineering Workers delegate meeting called for early December.

The 52-man policy-making AUEW (engineering section) national committee will decide at this meeting the size and timing of the claim—fixed as a "substantial" pay demand in April and subsequently backed by the Confederation of Shipbuilding and Engineering Unions' conference.

The AUEW is presently tied to a policy of opposing any Government interference in wage bargaining and led the minority of unions opposing the Government's pay limit at the September TUC Congress.

This policy will now come up for review at the special national committee meeting which will have a major influence on the Confederation executive—due to make its decision on wages a few days later.

The Confederation, which is dominated by the AUEW, had hoped for TUC advice on how their complicated two-tier wage structure would be affected by the Govenrment's £6 pay policy, but at a meeting with TUC leaders earlier this month, little guidance was given other than that the £6 policy must be adhered to.

A further complication is that the current national engineering pay agreement still has two stages to come—increases of up to £4 a week next month and a further £2 in February—and stipulates that there can be no further national increases before next May.

Minimum rates

The nationaol agreement, though, affects only minimum rates and conditions and for the vast bulk of the industry means only marginal improvements on overtime and holiday payments.

Earnings set through local bargaining are already way above the proposed new minimum rates for most engineering workers.

Under the Government's pay policy, engineering workers will receive the outstanding stages of the national deal with the benefits topped up to a total of £6 through subsequent plant level bargaining. It also appears to mean that there can be no new national increases before next August, the anniversary of the first stage of the existing agreement.

Delegates to the national committee will no doubt be aware that they will have great difficulty in swinging the Confederation against the Government's policy and that if they do challenge it, they may have to do so on their own.

The special AUEW national committee has been timed to coincide with a recalled rules revision conference — made up of the same delegates—which will discuss ways of getting the union out of its severe financial financial difficulties.

With almost 200,000 members in arrears with their subscriptions and the union some £750,000 in the red, so far this year, Mr. John Boyd, the general secretary, yesterday suggested cutting sickness, unemployment and disputes benefits.

These suggestions—to be considered at the rules revision conference—involve stopping all benefit for the first week and reducing sickness and unemployment payments by 25p a week.

Scanlon hits at Press 'distortion'

BY OUR LABOUR CORRESPONDENT

LEADERS of the Amalgamated Union of Engineering Workers, Britain's second biggest union yesterday hit out at "blantent interference" by some sections of the Press in a series of key AUEW elections which end to-morrow.

Speaking after a meeting of *the union's national executive* the union's Left-wing President Mr. Hugh Scanlon complaiyed of "character assassination" of the union leadership and staff and declared that the executive was considering taking some action to combat it, possibly involving an approach to the Press Council.

He was all the more indignant because other unions far less democratic than the AUEW received little or no *attention from the Press.* The AUEW was the union where everybody from shop steward up to president was subject to periodic elections.

Mr. Scanlon's attack was sparked off by "distorted and exaggerated" reports that some 200,000 ballot papers had been "lost." He was supported by Right-winger Mr. John Boyd who, as general secretary, is also returning officer. He explained that the engineering section of union had just under 900,000 of its 1.2m. on the electoral role "a fantastic, terrific achievement" that no other union could match. Members were warned in June that registers were available for inspection and one could only assume that 300,000 or so could not be bothered to take advantage of that, said Mr. Boyd, adding that talk of "lost" votes was "a lot of nonsense."

It will be five or six weeks before the results of the key elections are known by which time it will become clear whether right wingers have succeeded in their determined bid to win control of the union.

The seven-man executive, which at present has one vacancy caused by the elevation of Mr. Boyd earlier this year, splits three-three on most major political issues, leaving Mr. Scanlon to use his casting vote but this situation must change because three executive seats are being contested.

Mr. Bob Wright, the left-*wing executive member for the* important West Midlands and Manchester division, who plays a major role in motor industry negotiations, is being challenged by assistant divisional organiser Mr. Terry Duffy, a right-winger, who emerged from comparative obscurity when he took the union to the High Court last month in a successful bid to prevent the election being postponed.

In Scotland, Communist Mr. Jimmy Reid and moderate Mr. Gavin Laird are fighting for the vacancy left by Mr. Boyd's move to the general secretaryship earlier this year. While in the North West five, mainly moderate candidates, are competing to succeed moderate executive member Mr. Arthur Hearsey who retires late next year.

Mr. Ken Brett, Communist assistant general secretary, is facing a strong challenge from moderate Mr. Jim Docherty while right-wing national organiser Mr. Jim Bradley is being pressed by three left-wingers for his post.

In addition there are a whole string of elections for lower posts in the union which has sent out some 3.5m. ballot papers in all.

£15 claim by R-R workers in Scotland

BY OUR LABOUR STAFF

A CLAIM for pay rises up to £15—two and a-half times the £6 permitted under the counter-inflation policy—was tabled yesterday for 6,000 manual workers employed at the Scottish factories of Rolls Royce (1971) aero engine manufacturers.

The claim is for a straight 28 per cent. increase in the present basic rates, which range from £41.45 to £54.41 at the moment.

In addition, shop stewards are seeking improved holidays and better sick leave and compassionate leave arrangements. They have also repeated a long-standing claim for a 35-hour week.

Under the official interpretation, most if not all of these additional claims would have to be offset against the £6 limit which the Rolls Royce stewards say they do not accept.

The management did not give a reply yesterday, but made it clear that it was bound by the pay policy. In addition, better overtime rates which will result from the forthcoming national pay rises for engineering workers would have to be deducted from a £6 rise if that was granted.

The stewards decline to forecast how far they will go in pursuing the claim once they get the management's official answer.

BR and unions to meet again

By Our Labour Reporter

BRITISH RAIL and leaders of the three railway unions will make a further attempt to-morrow to iron out the dispute over whether proposed guidelines on economies should rule out any possibility of redundancies.

The unions are demanding a no-redundancy guarantee before agreeing to the guidelines.

This has been refused by BR and it appears unlikely agreement will be reached before management and unions meet Dr. John Gilbert, Transport Minister, to discuss the future of the railways on October 30.

Pilots to consider strike over £3 licence fees rise

A DECISION by the British Air Line Pilots' Association on whether or not to call a one-day strike on November 1, in protest against dearer licence fees will be taken by the association's executive to-morrow.

The meeting will consider the outcome of talks held yesterday between BALPA and the Civil Aviation Authority, which intends to raise licence fees from November 10. Pilots' licences would go up from £10 for five years to £50 for ten years.

At yesterday's talks, Lord Boyd-Carpenter, chairman of the CAA, explained to Captain Jack Wickson, chairman of BALPA, the CAA's reasons for the rise—which is to help offset a loss of £43m. on its overall operations in 1974-75.

Although no statement was issued after the meeting, the CAA is understood to have stood firm on its licence fee plans, pointing out that all the pilots were arguing about was £3 a year—the difference between the £2 a year involved in a £10 five-year licence *and £5 a year* involved in a £50 ten-year licence.

The pilots at their executive meeting have to decide whether a one-day strike — which could cost the U.K. airlines business worth about £1m. in lost revenues —is justifiable over an increase in licence fees of £3 a year for pilots who, at the highest levels, can earn up to £12,000 a year.

Thurbaform to axe 150 jobs

NEARLY 150 workers at Thurbaform plastics company, Kettering, Northants, were told yesterday they are to be made redundant in three months.

The company, which manufactures margarine tubs, is to transfer operations to its Durham plant. The workers had drawn up a 17-point plan suggesting cost-cutting measures to save the factory, but this was rejected by the directors.

MACAO

Political changes in Portugal have revived the delicate question of ownership and control of the colony. Power is shared by an unlikely balance of Maoism, Chinese capitalism and the European element, the product of politics, economics and history.

Control by triple entente

CONTINUING POLITICAL turmoil in Portugal has caused more than a ripple of concern thousands of miles away, on and off the shores of the South China Sea. The possibility that a left-wing and even Moscow-backed Government might take power in Lisbon thrust to the fore the delicate question of ownership and control of the tiny colony of Macao, 40 miles down the Pearl River from Canton. But the ripples spread further than Macao itself: for a while the worries of big Hong Kong business interests were reflected in a fluttering of the Hang Seng index; and powerful figures in Peking are known to be following Lisbon's politics with close and special concern.

Macao is in a unique position, causing headaches for both Lisbon and Peking. Portugal's new rulers are in the process of dismantling the remains of that country's far-flung empire by granting independence to the remaining colonies. But Macao cannot be disposed of so simply. Officially, the tiny territory of a six-square-mile peninsula and three small islands is only being administered by Portugal on trust for China. It belongs to China and will revert to China in Peking's own good time.

It would be simple for Peking's men to take Macao over to-day and no one could effectively object because China supplies most of Macao's imports of food and a lot of its water. However, for its own reasons Peking does not want Macao yet and will probably not be interested until it recovers Taiwan. So Peking has to suffer the chances of Moscow causing embarrassment through Lisbon right on its door-step. Lisbon has to summon the will to administer a territory which is a burden to it.

Cannonballs

Looking at it to-day, it is hard to see why anyone should get concerned about Macao. Its history admittedly is fascinating. When the Portuguese went to Macao in 1557 they created the first European colony in the Far East; they established a trading post and won the tacit understanding of the Chinese in return for ridding the seas around of pirates. For a time Macao flourished under the impress of men who, to quote a contemporary Portuguese source, left Europe "to serve God and His Majesty, to give light to those who were in the darkness, and to grow rich as all men desire to do." Later, under Jesuit tutelage, Macao became a centre for guns and clock-making. "While Buddha came to China on white elephants, Christ was borne on cannonballs," noted one Chinese commentator.

By the nineteenth century Macao's glory had faded with the decline of the Portuguese empire and the birth of the colony of Hong Kong. To-day, with barely 300,000 people, Macao is very much under the shadow of Hong Kong. When Hong Kong prospered, some of its prosperity spilled over into Macao: now Hong Kong is feeling the world recession and Macao is even deeper in the doldrums.

This Report was written by KEVIN RAFFERTY, Asia Correspondent

For China, Macao has its uses. It is a valuable source of foreign exchange since all the food and other imports from China are paid for in Hong Kong dollars. The Chinese say that together Hong Kong and Macao provide 50 per cent. of their foreign exchange earnings, vital when China is trying to build up its own industrial infrastructure and is spending heavily on imports from the West.

Perhaps more important, if Macao reverted to China it could well cause heart-searchings and panic in Hong Kong, a bigger and more important colony and one that serves China even better. At a pinch China could do without Macao's foreign exchange earnings. It would certainly have no difficulty in taking over the territory. Many of the leading banks and businesses are already run by Peking's men and the half of the schools which are not run by the Roman Catholic Church have strong Communist influences. A good illustration of Peking's control is that in the days leading up to October 1, when China celebrates its National Day, virtually every street was hung with celebratory bunting.

To take Macao and not Hong Kong, Peking would have to soothe the British colony's nerves with many sweet words. To take both would impose serious strains. Loss of Hong Kong's foreign exchange earnings would be a big blow and Hong Kong with its much stronger Western mentality and mixture of political groups would be much more indigestible.

So it is not surprising that the events of April 1974 in Lisbon caused an upheaval in Macao. Two rival groups of Portuguese were formed, the Centro Democratico de Macau which demanded an end to the privileged class of Chinese tycoons, and the Association for the Defence of the Interest of Macao with close links with the syndicate running gambling and other interests. The Centro much upset the previous Governor, General Nobre de Carvalho, and railed against the wealthy Chinese for making piles of money and then taking it on the last hydrofoil to Hong Kong. The Chinese in Macao, however, were hardly influenced as they were either too busy making ends meet or making their money.

But the most significant change was the appointment of a new Governor, Colonel José Garcia Leandro. It is almost as if Macao is waking from a long sleep. In his first 11 months of office the new Governor has already demonstrated his enthusiasm and his awareness of the political tightrope on which he has to operate. He has fought hard to get the special position of Macao recognised and to try to isolate the colony from the day to day political torment of Lisbon. Under the new Portuguese constitution he will have the status of a cabinet minister, and Lisbon will not be able to interfere at its own whims in the colony's affairs.

He has also pushed through a plan to hold direct elections for six of the 18 seats in Macao's new Legislative Assembly. Another six members are to be nominated by Chinese groups, and the remaining six appointed by the Governor. This is quite a courageous move, particularly since Hong Kong has long claimed that direct elections would not be tolerated by China as they would be seen by Peking as an infringement of its own sovereignty. Peking seems to have given its blessing for Macao's scheme.

In other ways Colonel Leandro has ambitions. He says he is keen to improve the lot of the ordinary Chinese who make up 98 per cent. of Macao's inhabitants. It is not before time. In the eight years of General Carvalho's rule little was done to help the ordinary Chinese. All except the most lowly government jobs were the perquisite of the 7,000 or so Portuguese. Industries like construction and banking were controlled by Peking's Chinese, and much of the rest of the economy by the rich syndicate which operates the gambling franchise.

Some projects were started, including the grandiose bridge linking Macao with the islands of Taipa and Coloane, fulfilment of a dream but a white elephant as there is no useful infrastructure on the other side. When prosperity spilled over from Hong Kong a few years back it was most evident in real estate, and the speculative building that was allowed quite destroyed the neat old-style Portuguese character of Macao. Now in poorer times it is the ordinary Chinese who is having to scrimp, whose children face a bleak future because there is no university and little good technical training in the colony.

Economy feels the pinch

NOTHING BETTER illustrates Macao's role in the world than its economic performance. The tiny territory is not merely a colony but a colony of a colony, and as far as the economy is concerned, Hong Kong is the colonial power, not Lisbon or Peking.

This fact has been even more marked since 1973 when the world gold bullion trade was freed. Before that Macao had one source of revenue which was not linked in some way to Hong Kong. Some experts calculate that in those days more than a million ounces of gold was coming into the colony each year: now the amount has dwindled to a trickle, though gold is still cheaper than in Hong Kong. Every other foreign exchange earner for Macao has some link or other with Hong Kong: the casinos are dependent on Hong Kong Chinese who are forbidden to gamble in their own colony; the tourists are ferried over from Hong Kong, apart from a few thousand who come via Canton; Macao's exports are all shipped via Hong Kong.

As to its economic performance in the past year, all the indications are that Macao is feeling the pinch. Like Hong Kong the colony does not publish figures for gross national product, so the amount of goods imported is a good indication of how well or how badly the economy is faring. Last year imports fell and the trade gap narrowed, which is a bad sign. Exports rose from [illegible]m. patacas in 1973 to 551m. last year: imports fell from 759m. to 648m. patacas.

Exports from Macao are especially vulnerable to the world recession because 80 per cent. of them consist of textiles. Last year, for example, textiles accounted for 448m. patacas of the total exports. The Director of the Economic Department, Dr. Campos, said that the Government was doing what it could to improve export performance, especially by trying to persuade the European Economic Community to be more generous with quotas. The EEC is the most important market for Macao and last year accounted for patacas 2[illegible]m., a long way ahead of the U.S. with 74m. and Portugal with 51m. the next biggest market. Macao is even more vulnerable in that its textile exports tend to consist of cheap, low quality goods which the Hong Kong textile industry is unwilling to produce. They include such products

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The colony's leaders

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ONEL José Garcia Leandro ted firmly to my question runs Macao? Lisbon, the ority Portuguese, the thy businessmen or the ernor of Macao? "I run show" he said in his est military manner.

e new Governor is certainly ng more of a show of run- the Colony, and in a mere onths has thrown up more s for improvements than his predecessor, General é de Carvalho, in his eight tenure of office.

lonel Leandro is only 35 was a member of the mili- Committee of 200 which d Dr. Caetano in Portugal onths ago. While we talked it at his table in his neat bush shirt and spoke tly in English. His whole oach was that of a military who knows what it is to and to take orders. He hat firmness of a man who ts to get things done when ays so. Yet he showed ty for the welfare of the people, not just little es of Portuguese, or the influential (because they ties with Peking) Chinese, rich Chinese businessmen know well the power of y. He drew circles on a of paper representing each e interest groups, with Portuguese political dissi- smallest of all, and then sketched a big circle g them all, representing hole of Macao, and pointed usly, squiggling through small circles brusquely: for these people—all the ."

Governor himself has many of the initiatives. ressed for the move to direct elections to the new ative Assembly. "It is an tant step for us, not too tant like the first step on oon, but important," he e. In ten years perhaps e members might be l. He also tried hard to Lisbon's interference and d Macao's need for autonomy, administra- nd legislative power to our own problems." h he is obviously istic by inclination the nor is obviously not a Communist. He said as an aside: "There are Communists all over the world. They never win power by elections, but find other ways in."

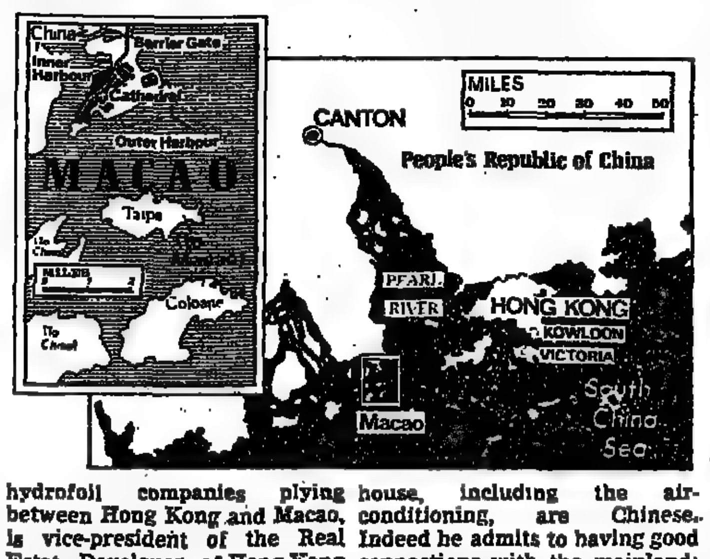
As to the future, "the key is in the hands of the Government of China." He added: "The Chinese are a prudent people and are waiting for the outcome of the situation in Lisbon. There is a Chinese proverb that we need, when we are in a ship, to wait for the arrival of the ship in the harbour. Portugal is far in the sea and a long way from the port." But he denied that Portugal had ever asked China to take over Macao.

Colonel Leandro said that he was aware of the need to improve the economy. Indeed his first words to me were on that subject. "Macao is very weak," he said. He has led the attempt to get the gambling syndicate to pay more for its franchise. He listed a host of things that Macao needs. "We need a seaport. We need the trade of China to pass through this port." He mentioned industrial schemes, tourist complexes, improvement of the infrastructure on Macao's two islands. The new Governor *is obviously a man of integrity*, goodwill and firm ambition. His supporters only hope that he does not founder on the all too obvious problems of money, planning, education and training, and manpower. He may yet discover that not everything in human life can be solved by a military command, however well-intentioned.

The Syndicate's Mr. Stanley Ho

MR. STANLEY HO might well be regarded as the richest man in Macao—if he did not live in Hong Kong. He makes most of his money in Macao, but lives at No. 1, Repulse Bay Road, Hong Kong, an impressive house with electronically controlled front gates and commanding a superb sweeping view of the bay.

Mr. Ho's suit was sober, but sharply cut enough to reveal a confident businessman who has made his way by entrepreneurial ability plus sharp judgment when it counted. With Mr. Ho Yin he is Macao's leading businessman—some people say that he and Mr. Ho Yin control the colony—but in Mr. Stanley Ho's case there is no taint of such direct political favour giving him a leg up. He is managing director of the Sociedad de Turismo e Diversos de Macau, the four-man syndicate which has the exclusive franchise to run Macao's four casinos. But Mr. Ho's interests are far more comprehensive than mere casinos. The syndicate controls Macao's leading *hotels including the huge Hotel* Lisboa which has the tangy orange-brown colour of olde English marmalade. He is also managing director of one of the hydrofoil companies plying between Hong Kong and Macao, is vice-president of the Real Estate Developers of Hong Kong and of Macao's electricity company. He is in the process of building a racecourse in Tehran and wants to bring horse racing to Macao in the summer.



He is largely a self-made man and recalls that when he went to Macao at the age of 19, he had just \$HK10 (£1) in his pocket. He had been studying science at Hong Kong University when the Japanese war broke out. He tried a succession of businesses including shipping interests, chemicals, and real estate until in 1962 he was leader of the syndicate which won the 25-year franchise to run the casinos.

Mr. Stanley Ho reacts sharply to people who say that he is making a lot of money out of Macao and then taking it out: "It was a gamble when we took over, and it is a gamble which has gone our way. Before we won the franchise, the croupiers wore singlets and slippers, there was no air-conditioning and no European games. Before we took over there were only 20,000 tourists coming; now there are more than 500,000 and we have built a 600-bedroom hotel, which is going to be extended to 1,000 rooms. Before we took over there was no accommodation and virtually no decent transportation to Macao. They were almost slow boats to China which took up to two days to get there."

He has a reputation of being a "patriotic" Chinese. That means that he has the sense to *retain links with powerful* figures in China. He points out that he goes out of his way to be helpful to the Chinese, and many of the fittings in his house, including the air-conditioning, are Chinese. Indeed he admits to having good connections with the mainland: "I believe," he told me, "from my friends in China that there *is a future for Macao*." But if Macao reverted to China and became Communist, would he stay? "No, I told them, I am too outspoken." He admits that if Macao were taken over and he did have to leave, he would have enough resources outside to be able to take care of himself.

Peking's Mr. Ho Yin

MR. HO YIN, a multi-millionaire, occupies many of the leading capitalist positions of Macao. He is President of the Tai Fung Bank, head of the Macao Chamber of Commerce, runs the Canidrome greyhound racing stadium, and has powerful fingers in many industrial and commercial operations apart from the casinos. But, given Macao's peculiar position, he has a much more important role in the colony: he is Peking's official representative. When I was in Macao his official duties for Peking stopped him from seeing me. His secretary explained: "It is getting close to October 1 (China's National Day) and Mr. Ho Yin has to prepare the celebrations and is making no appointments for 10 days."

How Mr. Ho Yin, now in his 60s and several times married, came to be China's man in Macao has not been properly explained. The most convincing explanation is that after the 1949 revolution he had the foresight to be friendly towards the Chinese, and followed this the next year during the Korean War by helping Peking to run the Western blockade. China—typically—did not forget to return the favour and granted him the sole franchise for importing Chinese rice to Macao, which has been a major source of his business success. Another important ladder which helped Mr. Ho Yin to make his millions was the gold bullion market. For *years Macao was alone in allowing* free dealings in gold.

Opinions differ about Mr. Ho Yin's business acumen. The rather sour view of some businessmen is that if anyone was awarded Peking's seal of approval and failed to make *money, he would be a fool*. Fellow bankers regard him as a cordial and affable man. But his love of gambling has caused Mr. Ho Yin some problems: Mr. Stanley Ho claims that he threw Mr. Ho Yin out of his casino as he was losing too much money and that was no good for anyone's image.

Whether Mr. Ho Yin is actually Peking's real power in Macao—as opposed to its official representative — remains open to conjecture and argument. Many keen observers of the Macao scene will for example tell you: if you want to see who really runs Macao for Peking, you ought to look at the New China News Agency. However, Mr. Ho Yin's approval is something that is anxiously sought. When plans were announced for a container port at Macao, businessmen carefully scrutinised the list of backers to see who was behind the scheme. They saw Mr. Ho Yin's name and expressed relief—that meant Peking approved and wanted an alternative port to Hong Kong.

conomy

CONTINUED FROM PREVIOUS PAGE

pyjamas and jeans, ing some well-known names like Levis.

light world textile market ant major difficulties this and Dr. Campos said that umber of workers had d in recent years so that it numbered 15,000 or 40 nt. of the industrial labour Factories were working s a week but on reduced Even in its secondary f exports Macao also finds rying to sell cheap goods Hong Kong does not to produce—usually badly hit at the moment. include such things as cameras and binoculars, and rubber shoes, and s.

mention Hong Kong is, urse, to invite a mixed ion in Macao. The Portu- colony feels itself doubly lent on Hong Kong, is the port of shipment Macao's imports and s to the external world, from those imports of food which come from China. Some people in Macao naturally feel that when shipping space may be at a premium Macao will get second *preference and its deliveries* may be delayed. But there is a second dependence because many of Macao's export orders originate in the British colony. There is a growing feeling that on its own Macao would be able to do better. If only it had its own port, some officials argue, it would be able to quote its own delivery dates without being dependent on Hong Kong for shipping space and dates. If it had its port perhaps Macao, they continue, would set up export promotion bureaux round the world as Hong Kong has done so successfully with its Trade Development offices.

To remedy this, the Government hopes to start work soon on a container port costing more than 150m. patacas. The venture has the backing of Mr. Ho Yin, the millionaire banker *with strong construction* interests, who is Peking's official representative in Macao. However, some outsiders and even Macao businessmen are sceptical of whether it is really worth putting money into such a venture, especially since experts who have worked in the proposed port territory say that it is difficult to keep it free from silt.

With its own port facilities Macao might eventually be able to entertain the prospect also *of attracting tourists directly*, without depending on Hong Kong. This seems a pipe dream. For the moment, anyway, there is hard reality. Mr. Stanley Ho, managing director of the syndicate that runs the gambling casinos and most of *the big hotels, says that tourist* trade is down by 15 per cent. this year. Once again, Macao is at the mercy of Hong Kong, which provides the take-off point for 500,000 visitors each year, as well as the source of most of the gambling money which comes from the 1.7m. Hong Kong visitors. Hong Kong upset Macao by slapping on a tax of about 20 per cent. in round terms on embarking and disembarking hydrofoil passengers to Macao, and has only recently reduced it under pressure.

Exotic

Macao's tourist promoters are trying hard to launch the colony as one of the exotic spots of *the Far East, making great play* with its claim to be the most ancient European settlement there. Perhaps this may work, but to an outsider on his first visit, Macao is disappointing compared with its build-ups in the promotion literature. It is true that there are some delicate traces of old Portuguese civilisation, most noticeably some fine churches. There are also cobbled lanes and wrought iron balconied colonial houses, offering daily living contrast between the hard work lives of the Chinese to-day and the grand colonial style.

However, compared to other Portuguese outposts in Asia such as Goa and even Malacca, Macao is a disappointment. Many of the fine buildings need a new touch of paint, and the fine Portuguese architectural unity of a few years ago has been destroyed by some of the most horrible speculative building of the Far East.

Another problem with tourism is that it is only the influx of gamblers at the week-ends which really fills the hotels.

Over the years there has been talk of boosting Macao's economy by bringing in foreign investment, or setting up an offshore capital market taking account of the fact that the colony, unlike Hong Kong, has no withholding tax. They are *pleasant enough dreams, and* certainly there are 13 banks in the colony and an offshore financial market worth about \$HK600m. (£60m.) a year. However, anyone with big financial and economic investment ambitions must take account of the *fact that Macao has poor* infrastructure, historically a notably corrupt administration.

The new Government is trying its best to improve the social and economic infrastructure, but it will have a hard time of it. Traditionally it has *relied on a subvention from Lis*bon to balance its own budget, and also over-relied on taxes from gambling for its income. In recent years betting and associated taxes have constituted about 60 per cent. of the Government revenues. In the short term it has little alternative but to try to pull more money from the casinos. Many of the more intelligent Government servants who have come in during the last few years feel outraged that the casinos are paying a franchise of only 7m. patacas a year, less than the 12m. which the Canidrome dog-racing track brings in, though the casino operators maintain that indirectly they provide many times that income. Negotiations have started to try to raise the figure from the casinos and some officials unofficially will say that 50m. patacas a year would be a fairer franchise rent. They admit they are limited by not knowing how much money the casinos take. They cannot sit at the tables and watch the money being counted.

If the Government can claw more casino money and substantially raise its revenue, then it might be able gradually to improve Macao's social and economic infrastructure. If it can build a port and lay on services to the outlying islands, if it can improve the skills of its labour force, then it may be able to create for itself a future. But the problem is that nobody knows how much time Macao can realistically count on.

PARLIAMENT

Mason leaves Tories in defence gloom

FINANCIAL TIMES REPORTER

FEARS AMONG Tory MPs that still more defence cuts may be on the way were heightened in the Commons yesterday by repeated refusals by Mr. Roy Mason, Defence Secretary, to give an undertaking that his Department will not be expected to make any further contribution to economies in public expenditure.

Mr. George Younger, "shadow" Defence Minister, highlighted the anxiety on the Opposition benches by calling for an assurance that there would be no more defence cuts in view of the fact that our own Service chiefs as well as our NATO allies thought that rock bottom had already been reached.

After acknowledging that his Defence Minister colleagues in NATO had expressed concern about the outcome of the last Defence Review, Mr. Mason stated: "I shall not be able to give them a categorical assurance that that is the final limit of our defence expenditure levels.

"As Mr. Younger must know, public expenditure is under survey—that means all Departments, including the Ministry of Defence."

Another Conservative front bench spokesman Mr. Cranley Onslow, maintained that the future of the defence industries had already been prejudiced by the recently announced decision to purchase new missiles from overseas.

Mr. Mason answered: "There cannot be painless defence cuts." He contended that in seeking to meet the requirements of the forces within the appropriate time scale it was necessary to look abroad as well as at home.

The decision to purchase the American missile sub Harpoon for the Royal Navy and the Franco-German Milan for the Army had meant spending many millions of pounds less than would have been required to obtain British equivalents.

Mr. Younger insisted that assurances should have been obtained from the U.S. and French Governments that they would be prepared to make reciprocal orders for British equipment on future occasions before the missile deals were concluded.

Mr. Mason pointed out that the missile purchases were still subject to negotiation with the French and U.S. Governments. In the case of the U.S., a memorandum of understanding on deals in defence equipment had been signed and he believed this would be borne in mind during the negotiations on sub Harpoon.

● In a written question, Mr. Philip Goodhart (C., Beckenham) asked for a statement about the implementation of the defence cuts already announced.

Mr. Mason answered: "The Budget cut of £136m. at 1975 survey prices, applied to 1976-77, and we shall aim to absorb it in the programme for that year with the least possible damage to our planned capability for the future.

"A detailed sift is being made of the programme during the preparation of the annual estimates, with savings sought over the widest available area to minimise the impact on individual projects and to avoid cuts of major projects, or major changes of plan."

Portuguese pressed on farm eviction

THE GOVERNMENT will be "robust" in protecting British citizens and their property in Portugal, Foreign Office Minister of State, Mr. Roy Hattersley, promised in the Commons yesterday.

This policy would be continued until Britons like Mr. Patrick Wardle and his family—evicted at gunpoint from their farm in the Alentejo area—were properly treated, he told MPs.

Mr. Hattersley said he had raised with the Portuguese Ambassador the eviction of Mr. Wardle. The ambassador had told Mr. Hattersley that he had spoken by telephone with the Portuguese Minister of Foreign Affairs, who assured him that the Portuguese Government would do everything in its power to give British subjects and their property proper protection.

Mr. Hattersley said he had reminded the ambassador of Portugal's obligation to British nationals and their property, and of the adverse effect which episodes like this would have on Portuguese standing and economic prospects.

Similar representations had been made by the British Ambassador in Lisbon to Portugal's deputy Foreign Minister and the Minister of Agriculture. "We will continue to press the Portuguese Government for a satisfactory outcome."

Cost of carpets

NEW CARPETS for the Palace of Westminster cost £18,151 in the last year. Environment Under Secretary, Mr. Ernest Armstrong, stated in a Commons written reply.

Assurance on shipwreck tombs

WARTIME WRECKS of HMS Prince of Wales and HMS Repulse off Malaysia will not be desecrated by foreign salvage firms as a result of the Royal Navy's departure from Singapore, Lord Winterbottom, a Government spokesman, assured the Lords yesterday.

He was replying to Lord Clifford of Chudleigh who claimed that the huge bronze propellors—one of which was already missing—and other non-ferrous metals and armour plating, made these ships a "salvage bonanza."

It would add insult to injury to relatives and survivors if Japanese salvage firms were to profit from British ships and British war graves.

Lord Winterbottom agreed. "These are the tombs of nearly 1,000 British sailors and these tombs should not be desecrated." Although the wrecks of these ships were lying in international waters more than 50 miles from the Malaysia coast, they remained Crown property and, as such, the Government was concerned to safeguard them.

There were difficulties in trying to prevent any unauthorised interference with the wrecks, particularly small isolated instances, but since the salvage of the two ships would be a major and lengthy operation, any attempt could hardly escape notice even in the preparatory stages.

"While our presence in the Far East may have had a deterrent effect, I believe that the withdrawal of the Royal Navy from Singapore should not affect in practice our ability to take action should the necessity arise." The position would be watched carefully, Lord Winterbottom declared.

Replying to Lord Wallace of Coslany (Lab.), Lord Winterbottom agreed that any attempt to disturb these graves would outrage public opinion in Britain.

Asked if the British Government would maintain the same attitude to any British salvage firms, Lord Winterbottom replied: "The Government would consider salvage, providing the bodies of the dead were reverently treated."

Nuclear test possibility angers Left MPs

Financial Times Reporter

THERE WERE rumblings of protest from Left-wing Labour backbenchers in the Commons yesterday when Mr. Roy Mason, Defence Secretary, again envisaged the possibility of another British nuclear test explosion being staged next year.

It was Left-winger Mr. Frank Allaun (Lab., Salford E.) who raised the issue by asking: "Are you considering holding a nuclear test explosion in Nevada, and, if so, is it connected with updating or improving the Polaris warhead?"

Mr. Mason replied that he had made it clear on more than one occasion that maintaining the effectiveness of the present deterrent might necessitate further nuclear tests.

"I have indicated before to the House, and to Labour MPs, that there may be—and I put it no higher than that—the need for another test sometime next year."

MP urges pay beds inquiry

THE PRIME MINISTER, Mr. Harold Wilson, was urged in the Commons yesterday to include the pay beds issue in the terms of reference of the Royal Commission on the National Health Service.

Mr. Robert McCrindle (C Brentwood and Ongar) said that doctors believed that the issues of clinical freedom and pay beds were "inseparable."

Mr. Wilson said he had nothing to add to what he told the Commons in his statement the previous day when he announced the Royal Commission.

Mr. James Lamond (Lab. Oldham E.) complained that doctors had said very little when a Conservative Government announced a savage cut in spending on the NHS in 1971.

Mr. Lamond urged Mr. Wilson to draw to the doctors' attention the excellent record of the present Government on the NHS, including an increase of £750m. a year in spending on the service.

Mr. Wilson: "It is certainly the case that we have made this very big increase in the resources available to the NHS.

Abortion law safeguards accepted in principle

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT yesterday accepted in principle all the proposals for further strengthening safeguards in the operation of the abortion laws put forward by the Select Committee of MPs set up earlier this year.

Mrs. Barbara Castle, Social Services Secretary, announcing in the Commons her approach to an increasingly controversial problem, was fully backed by the Opposition in a further proposal that the Select Committee should be re-established to continue its inquiries into the best ways of eliminating abuse.

Meanwhile, the whole question of the procedure for the certification and notification of abortions was to be considered by her Department, Mrs. Castle assured the House.

Patients

Mrs. Castle said that her intentions, announced earlier this year, to strengthen the safeguards applying to abortion in the private sector were similar to those recommended by the Select Committee.

"Action has already been taken following consultation with the medical profession with a view to requiring private nursing homes which concentrate on abortion to give me an assurance about total fees charged to patients."

"Only those private nursing homes with adequate facilities will be authorised to carry out terminations of pregnancy after the twentieth week.

"I have also written to those nursing homes which concentrate on abortion asking for information on the number of foreign patients treated during the 18 months to June 30, 1975, and I shall be seeking such information from all approved nursing homes at quarterly intervals in future."

She was reviewing the arrangements made by nursing homes for the reception, counselling and after-care of foreign patients on the lines proposed by the Select Committee and would require changes in the arrangements where necessary.

Mrs. Castle said she was proposing to implement the committee's recommendation that Health Ministers should produce a list of approved referral bureaux and refuse to approve clinics which accepted patients from unlisted bureaux. Application forms had already been issued to bureaux and agencies.

The draft paper proposed by the committee about counselling facilities for women who had unwanted pregnancies would be circulated for consultation to the medical, nursing and social work professional bodies.

The Government had also accepted the committee's recommendation that terminations after the 20th week of pregnancy should only be carried out in hospitals possessing appropriate wacilities. Regional medical officers would be responsible for the implementation of this recommendation.

"I have issued a circular to health authorities on the report of the Peel advisory group on the use of foetuses and foetal material for research asking for the adoption of their recommended code of practice where not already in use and I put a similar requirement on private nursing homes."

She would be considering the whole question of procedure for certification and notification of abortions. "The most important preventive action which the Government has taken is to introduce as part of the NHS a comprehensive family planning service which started to function fully this summer. I can only regret that this was not introduced a decade or more ago."

The House would be given an opportunity to decide next session whether the Select Committee should be re-established.

Opposition social services spokesman, Mr. Norman Fowler, welcomed the statement. There was a strong feeling on both sides of the House that the Select Committee should continue its work. There was strong support inside and outside the House for measures to eliminate abuse.

"Many of us attach particular importance to the Select Committee's recommendation that every woman contemplating abortion should receive proper advice on the dangers and alternatives to abortion." He asked what Mrs. Castle had in mind regarding the new counselling procedure.

Free vote

Mrs. Castle said that the items not yet considered by the Select Committee entered into some basic points of controversy. The Government therefore proposed that the House itself should decide whether the committee's work should continue. "As far as we are concerned on this side, that will be on a free vote."

She would be consulting with organisations representing the medical, nursing and social work professions and with a group of regional health officers, about counselling.

Mr. James White (Lab., Pollok), sponsor of a private members' Bill to amend the abortion law congratulated Mrs. Castle on the speed with which she had moved.

The Government was keeping its pledge for this issue to come before the House. What the Minister had done already would go a long way to clearing out some of the rackets in the medical world.

Mrs. Castle replied that there were in any factors to be [con]sidered over the re-establishm[ent] of the committee. "I would [like] to feel that all MPs would be [free] to follow their judgment [and] conscience."

She told Mrs. Jill Knight [(C.,] Edgbaston) who voiced con[cern] about directions to hos[pital] Boards not to employ me[dical] staff not prepared to carry [out] abortions, that there had [been] only nine such cases out [of] appointments since March [last] year.

The National Health Se[rvice] was under an obligation to [pro]vide an abortion service as [laid] down by Parliament. It [might] happen that in some areas, [con]sultants dealing with abo[rtion] did so on behalf of those [who] had conscientious objec[tions.] When one of those consu[ltants] left, it might be essential [to ensure] that the means existed of [con]tinuing the facilities for abo[rtion.]

Liberal

It was clear that the p[ropor]tion of nine appointments [out of] 70 still left an overwhel[mingly] large area for those with [con]scientious objections to ab[ortion] to continue to work in the [NHS.]

Mrs. Renee Short [(Lab.,] Wolverhampton NE) asked [Mrs.] Castle what was implied [in her] statement about the num[ber of] foreign women coming for [abor]tions. Recent figures show[ed a] dramatic drop in the num[ber of] such women coming [here] because of more liberal ab[ortion] laws in France and elsew[here.]

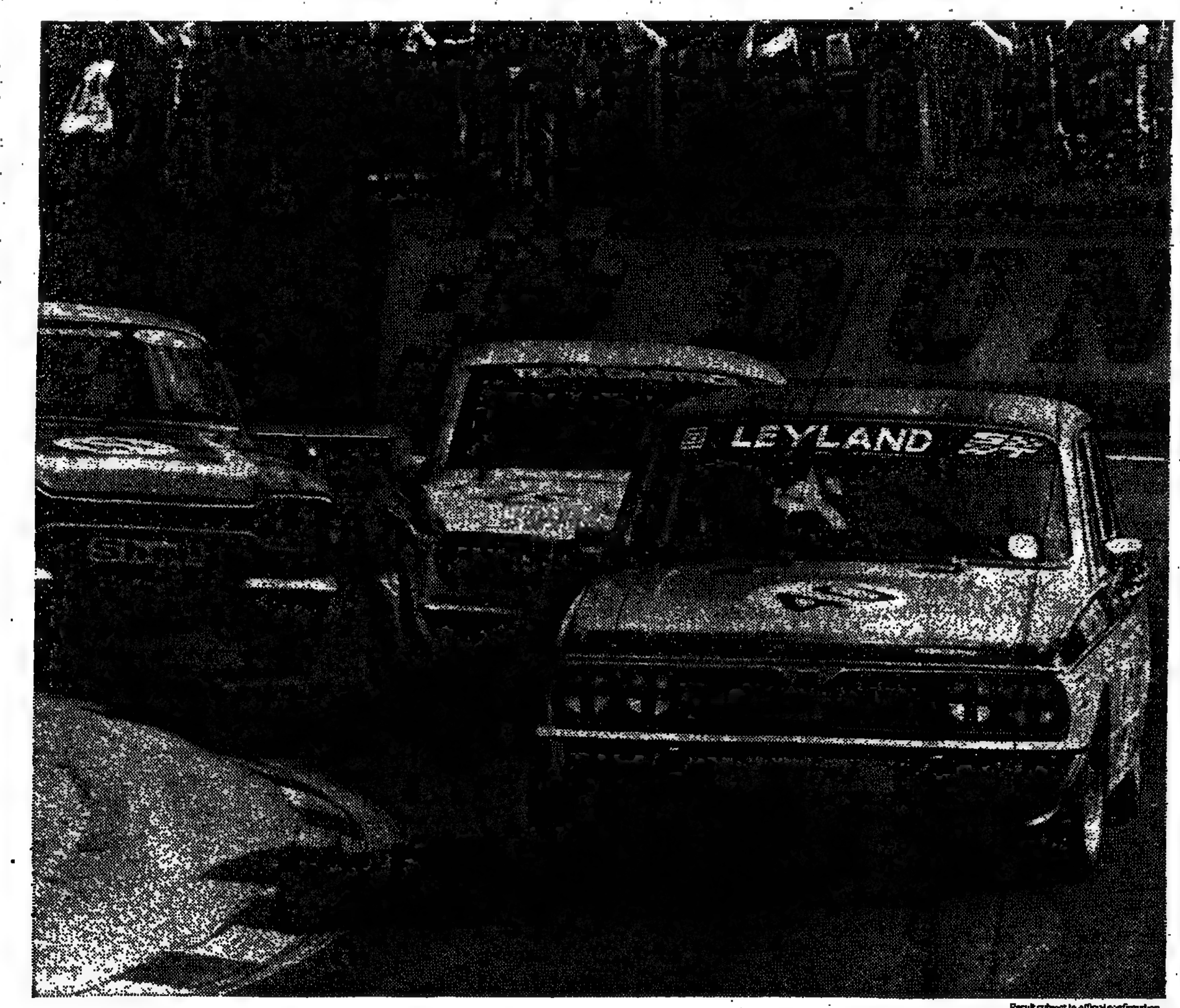
Mrs. Short asked what [could] be done for women wh[o had] passed the twentieth w[eek of] pregnancy and wishe[d to] terminate it, and wheth[er the] Minister could say that fa[cilities] would be provided for t[hem in] NHS hospitals in all parts [of the] country.

Mrs. Castle agreed the[re had] been a dramatic fall [in the] number of foreign [women] coming to this count[ry for] abortions. In 1974, about [...] abortions were perform[ed on] women from outside the [UK, a] fall of about 10 per cent. [on the] previous year's figure.

In the first eight mon[ths of] this year there had b[een a] further decline of about [...] cent. over the corresp[onding] period in 1974.

Mrs. Castle agreed that [there] were areas of the NHS [where] women could not at prese[nt get] the facilities provided [by] Parliamentary legislation. [This] was connected with her [earlier] reply about doctors an[d con]scientious objection.

"I would like to see [greater] uniformity and better co[verage] given to provisions und[er the] NHS, because this r[educes] dependance on the [private] sector which has bee[n a] source of abuse," she ad[ded.]



Result subject to official confirmation.

"...And as they come into the final bend it's Andy Rouse in the Dolomite Sprint leading! He's holding off the challenge from the powerful Camaros, BMWs and Escorts. Last year, after 4 years out of racing, Leyland came back to win the Manufacturers trophy, and now they're back again in rip-roaring style. What a performance! If Rouse can keep his lead it will mean a great win for Leyland. Into the home straight! And yes, Leyland have won the 1975 RAC Touring Car Drivers Championship! Watch out for these boys in '76, it looks like they're going to......"

Leyland Cars

TRIUMPH DOLOMITE SPRINT: WINNER RAC TOURING CAR DRIVERS CHAMPIONSHIP.

Electoral system report next summer

By Richard Evans, Lobby Correspondent

ALL ASPECTS of the electoral system, which is increasingly becoming a political issue, are under study by an independent Commission set up by the Hansard Society under the chairmanship of Lord Blake.

The Commission had its first meeting in London yesterday and hopes to present a report early next summer. This will have no official standing with the Government but the intention is to guide and influence public opinion.

Change

The terms of reference of the commission are "to examine the existing and any alternative systems of election to the House of Commons and possible systems of election for any devolved legislative assemblies that may be established within the United Kingdom."

The Liberal party has been championing the cause of electoral reform for years and recently interest has been shown by a small number of Conservative and Labour MPs. But the Conservative party decided heavily against a change to a more complex electoral system at its Blackpool conference earlier this month.

Lord Blake, Provost of Queen's College, Oxford, said that the commission had no preconceived views on whether to change the present electoral system or what method should be put in its place.

But he admitted that his own views had changed over the past year or two. Having considered that the British system had worked exceptionally well he now thought there was scope for a full independent assessment.

Members

Lord Blake thought the time was more ripe now than for years to focus public attention on the complex issues involved and to examine a number of often-stated views — for instance that proportional representation meant weak coalition government or that our two party system meant strong government.

Other members of the commission include Sir Jack Callard former chairman of ICI, Professor Ralph Dahrendorf, director of the London School of Economics, Lord O'Neill of the Maine, former Prime Minister of Northern Ireland, and Lady Seear the Liberal peer.

SDN: Wilson promises to keep in close touch

THE PRIME MINISTER, Mr. Harold Wilson, reported to MPs yesterday on his meeting with a delegation from the Scottish Daily News, which took place earlier in the day.

Mr. Wilson said: "I met representatives of the works council including the editor, as well as the TUC member. Since a liquidator has been appointed he was there.

"The conclusion must be in these circumstances that the liquidator . . . who is required to act on behalf of the creditors, will be getting in touch with them.

"When the liquidator has done whatever he can to sort out the facts and decide what should be done for the future, he will of course be in close touch with the Government."

Later, during the report stage of the Scottish Development Agency (No. 2 Bill) Scottish Minister of State, Mr. Bruce Millan said: "The provisional liquidator will need a few days to assess the situation and he will then, no doubt, be in touch with creditors, including the Government, as he is legally obli[ged to] do."

The business could be [carried] on if the liquidator took th[e view] that it was in the inter[ests of] the creditors that this [should] happen.

"Whether he will ta[ke this] view, and if he does, ho[w long] and under what circums[tances] he would wish to carry [on, are] matters for him."

Mr. Millan added: "The [work] force are very anxious t[hat the] paper should be carried [on and] they will give the liq[uidator] every possible assistance.

"As far as the Gover[nment] itself is concerned, as a c[reditor] and in the general [public] interest, I have already ma[de con]tact with the prov[isional] liquidator and had a tal[k with] him. Obviously, if he wis[hes to] put any particular propo[sal to] the Government, it will b[e] carefully considered."

Mr. Millan said he [was] reluctant to say anything [which] might make the task of the [work] force and liquidator any [more] difficult than it would obv[iously] be "in this rather un[usual] situation."

Minister to hear advice on Furness Withy deal

BY JUSTIN LONG

THE GOVERNMENT is to consider whether the purchase of a substantial minority shareholding in Furness Withy and Co. by Eurocanadian Shipholdings should be referred to the Monopolies and Mergers Commission.

The decision will be taken by Mrs. Shirley Williams, Prices and Consumer Protection Secretary, in the light of advice from the director-general of Fair Trading, the Lords were told yesterday by Lord Jacques, Government spokesman on prices.

The director-general would obtain information from all the principal parties, including the trade unions and others [who] might have a relevant int[erest.]

Lord Shinwell, who rais[ed the] matter from the Labour [benches,] maintained that the F[urness] shipping line was of the [utmost] importance to Britain. He [urged] the Government to act "wi[th the] utmost urgency" in ord[er to] ensure that this British shi[pping] company remained British.

Lord Jacques assured hi[m that] the Government would [take] action if this proved to be [neces]sary. "We know exactly wh[at we] are doing here," he added. [If it] were necessary, action cou[ld be] taken under the Fair Tradin[g Act] or the Exchange Control A[ct.]

The Executive's World

EDITED BY JAMES ENSOR

John Wyles assesses the prospects for Harland & Wolff, the shipbuilder which is the

Lifeblood of a troubled province

\LTHOUGH all of the United Kingdom's shipbuilders are uffering extreme difficulties ecause of the world shipping lump, the current crisis at Iarland and Wolff in Belfast i perhaps the most critical. It afflicting a shipyard which not only one of the most odern in Europe but which is lso the lifeblood of a deeply oubled province.

It is not yet clear whether eople in Northern Ireland enerally are ready to believe at Mr. Stanley Orme, the linister of State for Northern reland, meant what he said fortnight ago when he arned management and unions at the 10,600 jobs at Harund and Wolff were in opardy unless current losses ere contained and some rofitability assured after 1978. 1 such a shell-shocked comunity there is an underandable reluctance to accept at a British Government ould say the last rites er an enterprise which was e lynchpin of the U.K.'s shipilding effort during the last ir and which is still one of e main arteries of the North-n Ireland economy. The onomic upheaval and the polil risks of a shutdown would enormous and, it is often gued, they would be taken ly if Britain was bent on al withdrawal from the proice.

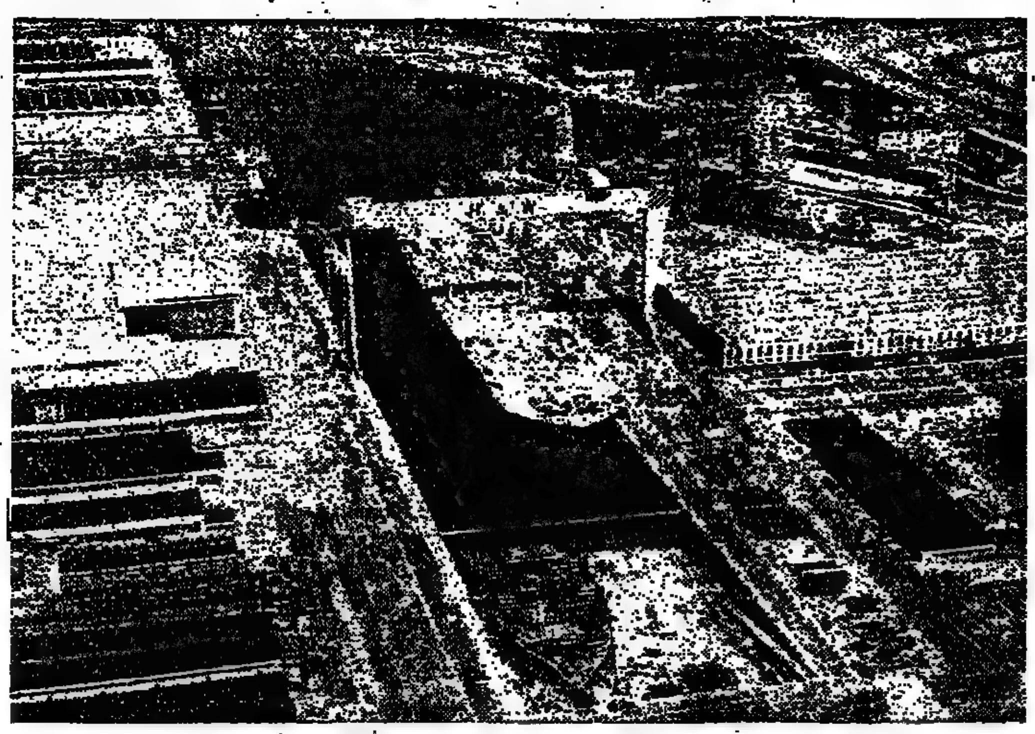
Nevertheless, the statistics ich spotlight Harland and olff as the great white eleant of U.K. shipbuilding are w quite familiar. The yard s not made a profit since 1963 d by 1978, if not before, it will have absorbed £140m. of Government money to cover its escalating losses and a modernisation programme which makes it the best-equipped in the U.K. The firm will lose money on all of the 13 ships, worth £270m., now on its order book. When it seemed that even the "final" £60m. promised by the Government when the yard was taken into public ownership earlier this year would not be enough to cover projected losses, Mr. Orme clearly decided that shock tactics must be tried where massive investment had so far failed.

Mr. Orme has decided that the recipe for Harland's must now also include greater productivity, tighter control of costs and a major exercise in worker democracy.

Although shop stewards' resistance may delay the appointment of worker directors under Mr. Orme's plans for reconstituting Harland's Board, work is going ahead on a major expansion of industrial democracy through the creation of joint-decision making committees at various levels within the yard.

Outside the shipyard, there are those in Northern Ireland who think that this revitalisation exercise has come too late to cope with the legacy of bad strategic decisions by management and a complacent workforce.

Not surprisingly there is much more optimism inside the yard where the new plant and equipment spread over the 260-acre site has produced the feeling "if we can't do it, then nobody can." But the U.K.'s most modern shipyard at the moment is probably its most inefficient and the priority task facing management and unions is to convince Mr. Orme by Christmas that there is a real prospect of improving the present performance of around 53 man hours per ton of ship produced to around 40 hours per ton by the middle of next year—a still modest target in comparison to output at some other British and foreign yards.



The strength of claims that the company has been "blown off course" by spiralling inflation and a damaging steelworkers' dispute in 1973 has to be acknowledged. But the modernisation programme itself may well have been a major factor together with managerial instability and a drift into apathy by the labour force.

Harland and Wolff decided in 1967 that with the trend towards ever bigger tankers, the yard's future must be based on a capacity to match the biggest and the best that the Scandinavian and Japanese could produce. Accordingly, a new building dock was constructed capable of producing tankers up to 1m. tonnes. Still banking on an expanding market for vessels of this size and larger, it was realised that the company's ability to compete on price and delivery would be curbed by its existing steel fabricating facilities.

At 100,000 tonnes of steel fabrication a year, output was limited to one large tanker and one bulk carrier when the labour force and shipbuilding plant were clearly capable of more.

Under its then new managing director, Danish born Mr. Ivor Hoppe, Harland and Wolff therefore embarked in early 1973 on an ambitious £35m. scheme to raise steel fabrication capacity to 200,000 tonnes a year. At the same time, orders were accepted for several tankers of 300,000 tonnes or more, including six 330,000 tonne ships for Maritime Fruit Carriers. Orders for three of these were later cancelled, thereby reducing the scale of the company's projected losses.

Thus, the yard was trying to cash-in on the tanker boom and at the same time push through the capacity expansion scheme. But this disrupted the flow of the yard's steel throughput and therefore its shipbuilding activity. According to some accounts, shipbuilding at times became a *major* exercise in improvisation, productivity fell, and with management's financial controls already under pressure forecast losses escalated through general price inflation. Although the situation is now much improved, the steel fabrication scheme has fallen behind schedule due to outside contractors' delays and will not be completed before the middle of 1976.

Against this background, the yard's hopes of containing losses on fixed price contracts and of meeting delivery dates were well and truly wrecked by a prolonged steelworkers' dispute from February to June 1973. This brought to a head a simmering personality clash between Mr. Hoppe and some of the yard's shop stewards, and particularly Mr. Sandy Scott, the influential leader of the Boilermakers Amalgamation. Mr. Hoppe still occupies pride of place in the shop stewards' demonology despite his departure 15 months ago.

With the yard well on the way to a £16½m. trading loss for 1974, a successor to Mr. Hoppe was urgently needed to establish direction, if not continuity, at the yard. Although there were more than 90 applicants for the job it was not until nearly 11 months after Mr. Hoppe's resignation that Mr. Ronald Punt, a quietly-spoken 51-year-old Yorkshireman who was the yard's assistant managing director in charge of ship production was appointed managing director by a selection committee which included two trade union representatives.

During the intervening period, a four man executive committee had taken on the managing director's functions and decided as a matter of policy to avoid taking decisions of principle which might compromise Mr. Hoppe's successor.

A concerted attempt to boost performance is now being mounted by a range of production committees and by a joint task force set up at the suggestion of Mr. Orme. Among other things the task force will try to deal rapidly with bottlenecks and difficulties which still exist because of delays in the modernisation programme.

At the same time it is hoped that the proposed new worker participation machinery will tackle what is widely seen as a lack of motivation among sections of the workforce.

The lack of definition about attitude problems at Harland and Wolff makes a specific solution more difficult to find than if the yard were beset by more of the traditional forms of labour unrest in shipbuilding. *In fact great strides have been* made on this front and in the process one or two of the unions' sacred cows have been slaughtered. Harland shop stewards claim to have been years ahead of their colleagues in other U.K. shipyards in accepting flexible working arrangements designed to eliminate demarcation disputes. They have also accepted the introduction of semi-skilled workers in traditional 100 per cent. craft areas together with changes in customary manning arrangements.

Thus most of the ingredients for possible success can be found at the yard. Mr. Orme must now be fervently hoping that the right mixture will be found to lift the shadow of closure hanging over the yard.

Freudian Management

By PAUL LENDVAI in Vienna

COULD IT BE a symbolic coincidence that the Hernstein Management Centre, the pioneer of a new, anti-authoritarian approach to management training in Austria, is located almost exactly opposite the house in Vienna's Berggasse where Sigmund Freud lived and practised for over four decades? Maximilian Fink, the 38-year-old director of the centre, is keenly aware that the "management by objectives" system can no longer be defined merely as "a set of goals and strategies" for a company, but more and more as "a complex system of economic and primarily human aspects."

The opposition of the relatively small but increasingly prestigious centre to what Dr. Fink calls the "purely technocratic approach" (growth objectives, maximisation of profits, hierarchy, performance, etc.) is deeply rooted in the peculiarly Austrian system of social partnership. It was the Vienna Chamber of Economy which in 1965 gave the go-ahead signal and provided the necessary funds to set up a modern management training institution. The courses and conferences are mainly held in the picturesque Hernstein castle, about 40 miles from Vienna, hence the name of the centre.

Though a relative newcomer to the international world of business schools and management centres, Hernstein has a rapidly growing reputation with 20 per cent. of the 2,500 participants this year coming from abroad, mainly West Germany and Switzerland. Senior managers from Daimler Benz, Volkswagen and Ciba; top management from the Austrian subsidiaries of multinationals; and the foremost Austrian companies attend the 80-100 courses which last from three days to up to four weeks. No course exceeds 20-25 participants thus encouraging a sense of involvement and openness of discussion.

Dr. Fink and his associates feel that in the age of participation and industrial democracy the classic functional-organisation schemes no longer suffice. The report an Austrian working party submitted at the European Foundation on Management Development conference in June pointed out, for example, that: "Management attitudes are very rigid when it comes to considering the capabilities, needs and attitudes of employees with regard to participation, the taking over of responsibility, and sharing the means of production."

This is the reason why, in addition to the usual management courses, Hernstein has devised a highly popular course on the new tasks faced by management operating under the conditions of "Mitbestimmung." In Austria, directly elected worker-directors constitute one-third of the membership of the Supervisory Board.

Management training centres should create an early warning system on the socio-economic environment, in the opinion of the Hernstein team. There is no "Hernstein model" as such, but rather a flexible and outward-looking approach.

The centre also acts as consultant to Austrian enterprises in need of creative management, or adjustment to changed marketing conditions. In this capacity Dr. Fink introduced a second system of decision-making and target-setting units at Gebauer and Lehrner, an Austrian company with 380 employees manufacturing equipment for the heating industry. The "production committee" consists of a production manager, two men from production middle management, one from marketing middle management and one from the production line itself (a supervisor). This committee operates without a chairman and is free to make all decisions about production without consulting top management — provided the decisions do not impinge on other decision-making units—and that costs can be recouped within a single financial year.

So far about 14,000 Austrian and foreign managers and executives have attended the Hernstein courses. As from next autumn, a new wing with 12 rooms will be added to the Hernstein castle which at present provides accommodation for 75 participants. Fees, including full board at the castle, range on the average from £100-£150. Due to the preferential rates, charged for Austrian small businesses, the Vienna Chamber of Economy, which also owns the castle itself, has to contribute about £25,000 to the £400,000 annual budget.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Dollar premium

Could you please quote the formula for calculating the dollar premium, indicating which items are fixed and which variable, with particular reference to the particulars given each day in the Financial Times?

The investment dollar premium stems from exchange control regulations which stipulate, inter alia, that a U.K. resident wishing to invest abroad, either in shares or property, can do so only through a special pool of investment currency.

In order to gain access to this pool of funds, a premium has to be paid over and above the exchange rate ruling between the pound sterling and any overseas currency.

Since the pound has floated, the market has worked on the last officially quoted parity for the pound of $US2.60. Adherence to this rate is to facilitate dealings in investment currency which is bought and sold by institutional dealers for their own purposes.

It will be appreciated that continually to adjust for changes throughout the day in the actual rate of exchange would be impracticable.

As sterling is being traded at levels substantially below $2.60, the effective cost of investment currency is very much less than the market rate. The effective rate can be found from: (nominal premium + 100 × by the spot exchange rate over 2.60) minus 100.

Taking the nominal (market) rate as 96 per cent based on $2.60 and the spot rate of sterling as $2.20 to the £ would result in an effective rate for the premium of 65.85 per cent.

Under existing exchange control regulations, one-quarter of the dollar premium content accruing to a seller has to be surrendered to the U.K. authorities.

The Conversion Factor, shown in the FT each day at the foot of column one of the Share Information Service, was designed by the Stock Exchange authorities for use by non-U.K. residents to ascertain the net price of an overseas security quoted in London which, when quoted in sterling, must include the investment premium. A price of 158p inclusive of the premium multiplied by a Conversion Factor of 0.6254 would give, roughly, 98¾, which represents the price to a non-U.K. resident.

Second hand goods

Can you please offer an explanation of the rules of VAT as applicable to second-hand goods and materials? For instance, I have been charged 25 per cent. on the full purchase price of a second-hand motor mower — whilst occasional purchases of much the same value bought at auction have resulted in no VAT at all to the buyer.

VAT laws do not generally distinguish between new goods and second-hand goods. Broadly speaking, goods sold by a trader registered for VAT attract VAT on the sale price, but goods sold by a private individual (or a small exempt trader) do not. Goods sold at auctions of the type which you have in mind will generally be offered for sale on behalf of private individuals.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, OCTOBER 22, 1975

Unemployment deficit

THE unemployment figures for October show no change of importance in the established trend—a steady rise, with minor fluctuations from month to month, in the number of people out of work. The rise was markedly steeper in the past month than in the two months preceding. On the other hand, it is possible that a change in the date of collection for the statistics has upset a seasonal correction which is rough and ready at the best of times, and the rise in the rolling three-month average level of unemployment is still well below the peak reached in the early summer. That peak was almost certainly due to the fact that a number of workers who had been kept on short-time until the holidays were then declared redundant. It remains to be seen whether there will be another hump in the figures this winter.

A similar pattern is noticeable in the case of notified job vacancies—a deterioration in the last month after the previous two but a rolling average which has been improving since the summer trough. The figure for vacancies notified is too small and variable to be a reliable indicator and conceals a large mismatch of skills: compare the 54,000 job vacancies registered in the South East, for example, with the 244,000 people now without work in the same region. But there is perhaps a crumb of comfort to be derived from this apparent recovery, together with the pace at which school-leavers are being absorbed into the labour force.

The prospect

In general, however, unemployment is continuing to rise steadily. This is only to be expected while national output is falling. Since a recovery in national output, according to the Chancellor, is primarily dependent on a recovery in world industrial activity and trade—of which the United States and Germany are only now beginning to show the first real signs—and since past experience suggests that firms do not begin to rebuild their labour force until output has been rising for some months, it may well be that unemployment will continue to rise, even if at a slower pace, until the autumn of 1976. The measures which have been taken at the margin to ease the social impact of unemployment will not seriously affect the underlying trend. Although the TUC may grow increasingly unhappy about it as the months go by, the attitude of particular unions to the present policy of voluntary pay restraint may be more affected by the changing relationship between disposable incomes and prices than by the unemployment figures.

Two general points can be made about the present unhappy situation. The first is that a rapid increase in unemployment last year followed by a gradual recovery might have been preferable, if the Government had only had the will at the time to bring it about, than the slower but more drawn-out increase which we face. Not only would it have done less psychological harm, but it might well have hastened the necessary change in inflationary expectations and prepared both sides of industry for redirection of their production and sales effort.

Budgetary cost

The second point is that unemployment, and the general slackening of business activity of which it is a particular symptom, is one reason for the size of the public sector deficit. Governments are forced to spend more on unemployment benefits during a recession at just the time when their revenue from taxation is falling, and the deficit to be covered by borrowing consequently tends to rise. Current complaints about the size of the public sector deficit, however, are based not so much on this cyclical phenomenon as on the fear that much of the recent rise is neither counter-cyclical nor planned and that the Government has not sufficient control over its spending to regulate it according to the changing needs of the economy. If the Government wishes to help dispel this fear, it could do worse than publish estimates (on the U.S. model) of the public sector deficit adjusted to eliminate the increase in its size which is due simply to the working of the economy below capacity. There might well be some dispute about the estimate. Its provision, however, would at least serve to show how much of the deficit the Government itself believes to be temporary and intentional.

The Financial Times Wednesday October 22 1975

Geoffrey Owen explores the economic background to yesterday's U.K.-Brazil co-operation agreement

Brazil's international route to import saving

YESTERDAY'S Anglo-Brazilian "memorandum of understanding," and the projects announced by the Brazilian Foreign Minister for co-operation in steel and in offshore drilling rigs, mark a further effort by Brazil to tap new sources of foreign capital and technology.

Up to now the U.K.'s role in Brazil's post-war development has been small, but there are new opportunities in the huge investment programmes now getting under way, most of which are designed, directly or indirectly, to save imports or to stimulate exports. The investment in nuclear power, where West Germany is playing a major part, is one example: the modernisation of the railways, in which British Rail and several U.K. manufacturers are showing a keen interest, is another.

Just how big a role foreign capital should play is a matter of intense debate within Brazil, particularly after President Ernesto Geisel's statement on October 9 that the international oil companies would be permitted to prospect for oil. Although they will operate under risk-sharing contracts to be negotiated with Petrobras, the State oil monopoly, the decision seemed to many Brazilians to be the first break in what had hitherto been a jealously guarded national preserve.

Maintain a balance

The Government's position, however, is quite clear. It wants foreign capital, but it wants at the same time to maintain a balance between the three main elements in the economy—the State companies like Petrobrás, the Brazilian private sector, and the "multinationals." In principle the strategic industries should be controlled by Brazilians, either by the State or private companies or a combination of the two. Rather than takeovers of Brazilian enterprises, the preference is for foreign investors willing to form associations with local entrepreneurs, to transfer technology to them, and to help them develop exports. In all this, as the decision on oil exploration shows, the Government's attitude is pragmatic rather than emotional; the top priority is investment in projects which will assist the balance of payments.

For the present, the Government's problem in a good many sectors is too little foreign capital rather than too much. In the exploitation of the country's mineral wealth, for example, the world recession and the escalating cost of the projects themselves have made foreign companies cautious. United States Steel was originally a 49 per cent. partner with the State mining company, Companhia Vale do Rio Doce (CVRD), in the Carajás iron ore project. But the American company's role has diminished (partly because of its commitments to take iron ore from Venezuela), other foreign partners, including British Steel Corporation, have been invited in, and there is still uncertainty about the timing of the project and some of its details.

The same hesitation is being shown by the Japanese companies which have been considering with CVRD a big aluminium smelter based on the bauxite reserves in the far north of the country, in the state of Pará. The bauxite itself is being exploited by two groups—one a joint venture between CVRD, Alcan and several other companies (including RTZ), and the other a partnership betwen Jari (controlled by Mr. Daniel K. Ludwig) and Alcoa; RTZ is also considering a separate operation of its own.

The Brazilians insist that, whatever the foreign partners decide, they will go ahead with these projects on their own if necessary. They are substantial net importers of aluminium; unless the smelter projects in the north materialise, the drain on the balance of payments by the early 1980s will be very considerable.

If foreign capital can be harnessed for the country's objectives, so much the better; if not, the State may have to do the job. The main responsibility for eliminating the trade deficit in iron and steel—last year imports accounted for over 40 per cent. of apparent consumption—will fall on the three State-owned companies which are about to embark on their Stage Three expansion; their capacity will be raised from 7.2m. tons a year to 11.6m. tons.

Whether, on top of this, foreign investors will invest in steel on a large scale is still somewhat uncertain. Kawasaki of Japan, with other partners, has been studying a plan for an integrated works on the coast near Victoria, fed with iron ore from its own mine in Minas Gerais; even further in the future is the idea of a steelworks in the north, based on Carajás ore. The availability of cheap ore is offset to some extent by Brazil's lack of coking coal.

Clearly foreign capital is most likely to be attracted to those sectors where Brazil has a comparative advantage. The forest resources, both actual and potential, are such that most of the world's major pulp and paper companies are scouring the country for possible sites; several big projects, including one involving British American Tobacco's Brazilian subsidiary, are going ahead.

BRAZIL'S TRADE IN 1974 ($m.)

IMPORTS		EXPORTS	
Crude oil and derivatives	2,812	Agricultural products	4,293
Capital goods	3,108	Minerals	641
Chemicals and fertilizers	1,680	Semi-processed	631
Iron and steel	1,535	Manufactured	2,307
Other intermediates and raw materials	1,803	Other	195
Wheat	486		
Other	1,107		8
TOTAL	12,531	TOTAL	[illegible]

For many of these operations the investment in infrastructure is very heavy. The cost of transporting the products either to the local market (mainly in the Rio-Sao Paulo area) or to the coast for export is high. The delight over the discovery of phosphate deposits in Minas Gerais was tempered by the difficulty of transporting the material to the consumers; one Sao Paulo-based fertiliser manufacturer believes it will still be cheaper for him to import phosphates from Florida or Morocco. The phosphate reserves are being exploited by CVRD, and the intention is to build a fertiliser complex on the site, with the ownership based on the preferred (but not compulsory) formula of one-third State, one-third Brazilian private investors, and one-third foreign.

This formula has been applied to petrochemicals—another large item on the import bill. At the second petrochemical complex taking shape outside Salvador in the North East the central ethylene cracker is being built by the Petrobrás subsidiary, Petroquisa, but the associated plants will have mixed ownership. ICI, for example, will have a 30 per cent. stake in a polypropylene plant, with the rest of the shares held by Petroquisa and two private Brazilian groups.

Whether the same pattern will be used for the third petrochemical "pole," planned for Rio Grande do Sul in the South, is not yet known. There is at lease one foreign company, Dow, which openly dislikes three-way or even two-way partnerships (several of them have recently come unstuck) and seems determined to go it alone. Dow is building its own plants near Salvador (but separate from Petroquisa) and says it is willing to put up an ethylene cracker on the same basis.

Ample room

Dow's argument, which has some support within Petroquisa itself, it that Brazil's need for ethylene over the next 10-15 years is so great that it will need all the foreign capital it can get; there is ample room both for the Dow project and the expansion of the Government-sponsored plants. How this matter is resolved will be a test of how flexible the Government is prepared to be. The need for import-saving investment, especially in a sector where Brazil has no great comparative advantage (it does not yet have adequate oil or natural gas production) may take precedence over any feelings of nationalism.

Yet the most ambitious import-saving programme of all is in a sector where Brazil might seem to have the least comparative advantage—the manufacture of capital goods. This was an even bigger item on the import bill last year than oil; the intention is that the production of capital goods should take over from the motor industry as one of the main driving forces in the economy.

There is already a healthy engineering industry, much of it locally owned and controlled; it is one of the useful side-effects of developing the Brazilian motor industry. As part of the programme announced by the President on October 9, the State enterprises in the basic industries, wh[...] account for about half [...] capital goods imports, will [...] obliged to switch more of th[...] orders to local manufactur[...] Financing will be provided [...] the Government so that [...] local supplier can match [...] terms available from overs[...] A new agency, Embramec, [...] been set up to provide eq[...] capital; one recent deal brou[...] together a German press m[...] facturer with 40 per cent. [...] the capital, a Brazilian gr[...] with 40 per cent., and Em[...] mec with 20 per cent.

The Brazilian private sec[...] though lacking capital resour[...] and still in some danger [...] being squeezed between [...] State-owned giants and [...] "multinationals," does con[...] a number of enterprises cap[...] of playing a big part in [...] import-substitution program[...] Given sufficient advance p[...] ning on the part of the [...] chasers—as is happening, [...] instance, in nuclear po[...] —there is no reason wh[...] large part of the capital g[...] requirement cannot be [...] from inside Brazil.

In the railway program[...] for instance, the Govern[...] intends to foster the crea[...] of two new locomotive m[...] facturers, preferably Brazi[...] foreign joint ventures w[...] the local investor would con[...] the only existing manufact[...] is a subsidiary of General E[...] tric of the U.S. These l[...] companies would be the [...] ferred suppliers as long as t[...] prices were no more than [...] per cent. above world ma[...] levels; payments for for[...] made components and for [...] know-how would have to be [...] set by exports.

Like other aspects of Br[...] ian economic policy, the "[...] Brazilian" approach is likel[...] be applied intelligently [...] with moderation. How [...] quickly the local industry [...] velops, Brazil will continue [...] be a large importer of ca[...] goods. But the foreign supp[...] most likely to get the lar[...] business are those which [...] up with local entrepreneurs.

Economic model

Their willingness to co[...] themselves to Brazil [...] depend on whether they t[...] the country will overcome [...] present balance of paym[...] problems without too n[...] damage to growth and, r[...] important, whether the poli[...] and economic "model" w[...] emerged from the 1964 re[...] tion will last; this will be [...] subject of a subsequent art[...] For the present the chance [...] a nationalist backlash ag[...] foreign capital seem rem[...] The authorities are determ[...] to avoid foreign dominati[...] "we are building a nation, [...] a trading post"—but they k[...] that if foreign investment d[...] up the effect on econ[...] growth would be disastrous[...]

The grain without any SALT

FOR several weeks now, the main focus of Soviet-American relations has been grain. The Soviet harvest was bad; as in 1972, the Russians were obliged to turn to the Americans to help them out. For the Americans, this was an opportunity in several ways. First of all, it was a chance for President Ford to show that, unlike the Nixon Administration, he was sensitive to the domestic price effects of a sudden jump in grain exports—hence the temporary ban on sales to Poland and the Soviet Union till the harvest figures could be known more accurately and a long term agreement negotiated. Secondly, it was a chance to show Congress and domestic opinion that he was not soft on detente. Thirdly, it was a chance to exercise some leverage on the Russians in the long-standing negotiations on a second strategic arms limitation agreement (SALT 2), which are the real barometer of Soviet-American relations.

Timing

The grain agreement which has now been signed is satisfactory enough in itself, but there is no evidence that it has produced the hoped-for breakthrough in SALT. Indeed the latest word is that the strategic arms talks have run into serious problems. Dr. Kissinger, the Secretary of State, says in an interview with this week's *Time* magazine that agreement may no longer be possible this year and allows himself to speculate on the possibility of failure: "the rhetoric of both sides," he says, "will become more confrontational, and I would think it would lead to a substantial chilling in the relationship—if not a return of the cold war."

Dr. Kissinger has always been more emotional on this subject than Dr. Schlesinger. The Defence Secretary would argue that no agreement at all is better than an agreement which might lead at some stage to American strategic inferiority. He would be right in arguing that the importance of SALT 2 has been overestimated: it will do no more in the technical sense, if it is achieved, than ratify a massive degree of overkill; it will not prevent continuing competition and technical advances within the numerical limits laid down, and it will not itself keep the peace.

Yet if there is to be an agreement, the timing is becoming crucial for two reasons. First, the Americans and no doubt the Russians too, are ready to embark on new systems which SALT 2 might at least put a cap on. Secondly, there is the increasingly puzzling position of Mr. Brezhnev and the Soviet Party leadership. There is little doubt that Mr. Brezhnev himself wants an agreement and wants it quickly—so that he can go to Washington to sign before the 25th Soviet Party Congress in February. But there is little doubt either that his health is failing or that he is meeting opposition from within the Kremlin. It can no longer be safely assumed that he will be around for very much longer, nor that he will get his way.

Taking the risk

The question the American Administration has to face is whether to make concessions on SALT sufficient for Mr Brezhnev to get an agreement accepted by his own hardliners, or risk the negotiations breaking down. Present signs suggest that the Schlesinger view will prevail and the Administration will take the risk. It will be right to do so.

MEN AND MATTERS

Telling 'em again

Not everyone outside of the Department of Industry seems to think that the £100,000 which they spent a few weeks ago giving top U.S. businessmen a tour of Britain to encourage U.S. investment was well spent, but now private enterprise is having a go. Leo Cramer, an American economic consultant has organised a three-day seminar next week at a London hotel for executives from 50 multi-national corporations.

There will be many prominent figures to address them, but most interesting is the strong union contingent: for most U.S. executives, trade unionists are the bogeymen that are most likely to scare them off further U.K. investment. Heading the list of speakers to convince them that this is not the case is Len Murray of the TUC, backed up by Hugh Scanlon of the Engineers, Jack Jones of the Transport Workers, and Clive Jenkins of ASTMS.

Government is to be represented by Eric Varley, secretary of State for Industry, and Alun Williams of Prices and Consumer Protection, while Lord Balogh will be on hand to talk about North Sea Oil. Some of the U.K.'s most prominent industrialists will also be there including Lord Kearton and Sir Arnold Weinstock. The combined weight of such speakers *ought* to be able to convince their guests that all is not yet lost.

Controversial

The creation of a Sports Aid Foundation by the Ministry of Sport and the Sports Council will be controversial in many places and to many people. It will rely for funds on contributions from companies which will be allowed to publicise the fact that they are involved, and this at a time when sponsorship itself is a controversial subject; and it will make finer still the distinction between professional and amateur which is already the cause of heated debate in a number of sports. However the foundation itself could not be more controversial than Peter Cadbury, chosen to be chairman.

In some ways Cadbury is an obvious choice as an all-round sportsman: now 59 he represented Cambridge University at squash, played for the MCC before the war, has won various golf competitions and is a keen horseman, yachtsman and pilot. But both his business life and his personal life have been stormy in the extreme, keeping his name prominently before the public in gossip and business columns alike.

In 1960 he resigned from the London Traffic Committee—telling Transport Minister Ernest Marples that he disagreed with the way that the traffic warden scheme was being handled—and seven years later he was in the middle of a boardroom row at Keith Prowse where he had bought control in the '50's and turned from losses to a profitable business.

In 1969 he created a stir in the insurance world by resigning as a "name" at Lloyd's underwriters, and the following year he was sacked by his fellow directors at Westward Television but was back as chairman within a few weeks with his colleagues claiming "a misunderstanding": he is still chairman to-day.

Cadbury has also figured in the news over litigation. Lord Justice Edmund Davies once described him as "of an arrogant and intransigent nature" in a case involving a piggery which he owned. Yesterday Cadbury wryly admitted his controversial past, commenting that in his new job "we hope to keep the controversy in our sponsorship to a minimum." The idea is that the funds raised should be used in grants to individual athletes in all sports at all levels to enable them to train and compete on more equal terms with competitors from countries which pay little more than lip service to amateur status.

Fodens' choice

Lorry maker Fodens has been, admitted Bill Foden, "parochial." It is not a condition that can last, with the company fighting hard for survival, backed by City institutions thanks to a rights issue that left underwriters with 96 per cent. of a new stock which converts eventually into 60 per cent. of the equity.

The key to breaking the insularity in Foden's view was the promised new chairman, announced yesterday as 61-year-old Leslie Tolley, head of the Renold group, based a dozen miles from Fodens' Cheshire plant. Tolley's abilities are exemplified by Renold's domination of the U.K. power transmission business coupled with a good trading record in the teeth of recession.

Being in the locality means that Tolley will be able to devote time to Fodens, and Bill Foden (who steps down from the chairmanship to concentrate on being chief executive) is delighted: "Hellfire, he's come up the hard way. He understands manufacturing and industry." Tolley started out as a Morris Motors apprentice, joining Renold Chain as works director in 1953. His outside activities nowadays include membership of the CBI main council.

He should find a slightly happier Fodens than was evident earlier in the year when the company's problems discouraged customers and workers alike. The first half results to be published in December will be poor, and domestic unit sales in the first nine months of 1975 fell from nearly 1,200 to 740. But Fodens, pleased that State aid, which originally looked likely, has been supplanted by private help, claims things have picked up lately. The next step, to further banish parochialism, will be the appointment of a non-executive City man and a finance director.

Mouldy

Sign outside a bakery "Men wanted. We pay good dough but get crusty with loafers." If you think that is at least 50 years old, I'm reliably informed you're right.

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Mortgages: the dilemma of the deserving

BY MICHAEL CASSELL

RLY SIX MONTHS have d since the Government ed local authorities to cut home loan budgets for the nt financial year by £100m. announced that building ies were being asked to fill breach and make an onal £100m. available this In theory, the plan seemed e enough. But such have the difficulties in putting) operation that even now rst mortgages have yet to rough and there remain pread doubts as to the of the entire exercise, may well be extended r.

ıwarted

as Mr. Anthony Crosland, ary for the Environment, n early May, said that the nment's desire to expand ownership of housing eing thwarted by growing tions on local authority liture and that a financial was needed. Largely in to maintain its pro- e of municipalisation— quisition of private sector by local authorities for t had been decided, said Crosland, to switch ces from an area which ed in direct opposition to olicy: the funding by s of home ownership.

move took local ities by surprise, while- ilding societies, although ad been briefly consulted the announcement, had old little about the role ere meant to play.

decision brought the rapid growth in local ty home loan pro- es to a virtual halt. In ouncils had lent £133m. e buyers and accounted nere 3 per cent. of the total mortgage market. A year later the figure more than doubled, with advances reaching nearly £300m. and representing 7 per cent. of all loans made.

The authorities' growing penetration into what had previously been an area of marginal interest to them continued in 1974 with loans of £455m., 12 per cent. of the home loans total. Early this year, their share had risen even higher, to around 15 per cent. To put the figures in context, building societies this year intended to lend around £5bn. for the purchase of 650,000 homes.

Since Mr. Crosland's announcement, the picture has changed dramatically. Major authorities throughout the country have been forced to suspend lending operations altogether or to reserve what few funds they still have available for those most in need of help.

Typical

The Greater London Council's experiences are in many ways typical of the manner in which a comparatively minor re-apportioning of public funds has had swift and substantial repercussions. The GLC has long been very active in the home loans market, ranking among the ten largest individual sources of mortgage finance in the country.

Last year the GLC advanced £95m. to 13,000 home buyers.

With the cut back, the current financial year's quota has been reduced to £35m., of which £44m. had already been paid out or been committed by the time of Mr. Crosland's announcement. As a result, GLC mortgage lending activities have been almost totally suspended, with "strictly priority" categories alone being considered for the meagre £11m. left to be spread out until the end of next March. Next year's budget has also been fixed by the GLC at £55m. Among the priority cases will be homeless London residents, those living in overcrowded or unhealthy conditions, single-parent families and people displaced by new development.

No risks

The pattern has been repeated throughout the country, especially in other major centres such as Birmingham and Glasgow, and frustration at being unable to carry through the planned programmes has been mounting as efforts to put the building societies' good intentions into effect have become more drawn-out.

One of the barriers in the way of what many imagined would be a speedy and sensible solution to the local authorities' dilemma has been the organisational problems which have arisen. As soon as the Government's intentions were known, the building societies emphasised that they were anxious to help while the councils, in turn, said they would be glad of it. But the first stumbling block arose when the procedure favoured in most cases by both building societies and local authorities was firmly rejected by the Department of the Environment.

This was the suggestion that societies would simply advance sums of money to individual authorities for use as they sought fit. It appealed to the building societies because they would not be taking any risks and could expect prompt repayment of their loan. The councils were also pleased at the prospect of retaining as much control as possible over lending policies.

Mr. Anthony Crosland, Secretary for the Environment: his decision to curb local authority mortgages took councils by surprise.

The Department of the Environment, however, refused to allow local authorities to embark on a course of action which would further raise public borrowing at a time when the case for reducing it was overwhelming. The only acceptable pattern, it became clear, was for local authorities simply to refer mortgage applicants to societies, who would consider them in the normal way.

Both the Department, through its regional controllers, and the Building Societies Association, which set up seven regional controllers, began a series of joint meetings to decide how the available funds would be split up and which areas should be designated as top priority, and to formalise the distribution pattern throughout the country. The DoE then informed the local authorities concerned of just what they could expect and from which societies finance would be available.

Priorities

Several authorities have, however, questioned the order of priorities which has emerged in the decision over how the £100m. cake should be divided. For example, the GLC feels that it has done badly out of an arrangement which has designated £30m. for the London region but has left the GLC area with only £2m., roughly the equivalent of one normal week's lending quota.

But at least, after protracted discussions, machinery—albeit rather rudimentary—to dispense the £100m. does now exist. Applicants for a local authority mortgage will, in many cases, first be vetted by the council and then passed on to a designated building society office with a letter of introduction or simply referred direct to a society branch when they make their inquiries at the town hall.

It is at this point that the entire point of the plan may be lost. For, although the building societies wasted no time in showing their willingness to assist Mr. Crosland—and prospective owner occupiers—they made it equally clear that the money available would be advanced on their terms. The gap between these and the requirements of a local authority in terms of an applicant's suitability is in many instances very wide.

Most local authority mortgage schemes are based on a "social lending" doctrine which exists to help those who could not, for a variety of reasons, expect to receive the more traditional form of assistance from a commercially oriented source. Several local authorities have, somewhat exasperatedly, pointed out that the first pre-condition of their own home loan schemes is that the applicant must have applied for a building society mortgage and been turned down.

While there have been indications that the societies will, in certain cases, be flexible about the type of property on which they lend — something which happens already — it seems most unlikely that they will advance money on some of the properties which are normally acceptable to councils. Neither do they show any inclination to relax their rules about personal qualifications, and, in particular, about the maximum size of an advance in relation to the borrower's income.

Stance

Critics of this seemingly unshifting stance claim that it contradicts the building societies' strong desire not to be seen as mere money lenders but as a socially motivated movement. They feel the present situation could finally determine the real strength of this commitment.

The feelings of many who have watched the recent events were summed up recently by Mr. Chris Holmes, deputy director of Shelter, who said that unless building societies were forced to give more 100 per cent. mortgages, relax their lending requirements and give more priority to first-time buyers, thousands of couples would be denied the opportunity to buy their own home. "How can a system be justified which encourages building societies to use their deposits for the purchase of a luxury home rather than allow the same money to help three young families buy their first homes in a cheap, old house?" Mr. Holmes asked.

The societies' answer to this not infrequent criticism is straightforward. The rules which they apply, both for the property they lend on and the people they lend to, have provided them with a minimal bad debt record which is the envy of other lending institutions. But, apart from this, the societies feel that their rules make social as well as commercial sense. They believe that people should not be encouraged to overstretch themselves, although with the fast disappearance of the private landlord in some parts of the country many will have no choice but to do so.

Perhaps of even more importance to the societies is the position of their own prospective borrowers, most of whom at present stand little or no chance of obtaining a loan unless they have been investors, saving steadily for at least six months. Society executives rightly ask if people referred to them from local authorities should take precedence over the many thousands to whom no risk is attached. If, however, the £100m. is really in addition to the movement's projected 1975 lending quota, there will not be any queue jumping in this sense. The would-be council borrowers, however, will receive prefential treatment in that they should not have to wait as long as the ordinary candidate for a mortgage.

Criticism

To the criticism that the societies' reluctance to broaden their lending horizons will leave all but the best risks without any chance of buying the home they might well have obtained with the aid of the council, the movement says that local authorities have been lending largely to people who, in any case, would qualify for a building society mortgage. Few of the people re-directed towards building society branches should, therefore, be disappointed and most of the money will go without any "bending" of the rules.

There is, without doubt, a grey area in which some, perhaps many, people will find themselves trapped: acceptable to a council which has no funds and yet unwelcome to a building society with no shortage of money. It was suggested at one stage that councils should be given the power to provide topping-up loans for building society mortgages or that societies should receive a guarantee on that proportion of a loan in excess of what would normally be granted. Such ideas came to nothing.

The societies will, without question, stand by their commitment to lend the £100m.—and possibly more next year—but whether the money will help those most in need is not as certain.

Letters to the Editor

)perty asset uations

e Chairman, Valuation Standards tee, Royal Institution of ed Surveyors.

Lex is correct (October implying that companies to side step Royal Insti- of Chartered Surveyors' is. This is because Sec- 1)(a) of the Companies 7 is drawn in such vague nat directors need hardly service to it.

RICS supports the Sandi- roposals on valuation of y assets. It is to be hoped Government will intro- gislation which will re- irectors to have property valued at suitably fre- intervals and for such ns to be incorporated in ual report, with the valu- ing carried out on a pre- basis by a suitably quali- ier. The institution would e to see valuation certi- published in annual re- that the valuer would same degree of respon- and sanction as is now by the company's audi-

owie.
int Street, S.W.1.

P and loan ds

r. G. Simpson.

The letter by Mr. J. H. , on Sandilands and CPP r 20), would seem to be ng the accounting pro- from the accusation that ounting is irrelevant in circumstances, and yet wman not only fails to th a major criticism by gainst CPP whereby loan re deemed to be capable etary gain, but rather o make a virtue out of s example, which surely a complete travesty of ity.

enders of money, whom elevated to the status of tock-holders," lend their n terms which, in their t, adequately compen- em for the use of the anticipated inflation and with regard to repay- They carefully avoid any nent in risk management reby abrogate themselves ss if the assets financed loans decline in value; e to suggest that the risk- quity shareholders have " at their expense when increase in value must e a dangerously mislead- losophy.

son.
odge, Wonersh Park, ldford, Surrey.

the expense the creditor

rs. Bernice Cohen.

I have followed the on the Report on Inflation ting over the past few and was particularly ed to read the one by or A. J. Merrett and Allen October 15) which illus- e relevance of Sandilands ing to company assets.

ld be very interested to w the two learned gentle- uld view the liability of term loan, used in the tical example given; in inflation accounting with reference to the decreas- ue in real terms of the sum originally borrowed. not money borrowed in a time of high inflation actually become discounted on an annual basis if inflation accounting techniques were used to evaluate it? If this is so how would the liability be reassessed annually in the accounts to reveal this unrecorded "discount" that the company was gaining at the expense of the creditor. Or would it be imprudent to even discuss it?

Bernice Cohen.
Crossgates, 2, Powys Lane, Southgate, N.14.

Buying unseen

From Mr. G. Dews.

Sir,—It seems odd that investors can be asked to subscribe towards £15m. for a London borough when the latest audited accounts they can see are some two and a-half years old.

This is what Islington did in September when its net loan debt was £173.4m. (as at last March) and its rateable value was £49.5m. But the last audited accounts available for inspection are those for the year ending March 1973. (I know the council had a strike last year). Is there not a gap in the law here, after all, generally speaking, companies have to produce accounts within six months.

Delighted with the £15m. the council has just circulated households with a pamphlet called Focus which asks residents how they would like the money spent!

G. Dews.
7, Wynyatt Street, E.C.1.

Communications network

From the Telecommunications Manager, Unilever.

Sir,—I am sorry the headline given to the article on Unilever's private communications network on October 20 severely distorted the situation.

We wish to make clear that neither we nor any company can "live without the Post Office" in the provision of private communications.

The Post Office involvement is vital and we have always publicly acknowledged the wholehearted contribution the Post Office has made. Our Press release for the network opening clearly states the P.O. involvement in our planning, implementation and subsequent maintenance of the network.

T. W. Baker.
Blackfriars, E.C.4.

Wealth tax and works of art

From Mr. D. Mahon.

Sir,—Mr. Michael Thompson-Noel's thorough review (October 18) of the considerations relating to works of art which will have to be carefully weighed by the Select Committee on the Wealth Tax is most timely.

The concept of public access, which usually figures in discussions of the topic, is a pre-occupation of Mr. Hugh Jenkins, who however neglected to clarify to the Committee how precisely the abstract principle is to be interpreted in concrete practice.

Moreover, there is no basis for Mr. Jenkins' ineradicable assumption that private ownership of such objects implies that they must be hoarded away from the public. Since many thousands of them are already voluntarily accessible in one way or another, the Minister is merely persisting in beating his head on what is largely an open door.

Professor Hale, National Gallery chairman, is quoted as confirming the repeated evidence to this effect given to the Select Committee; for example, I was able to reply that I must have made hundreds of loans to temporary exhibitions.

The real problem is whether, and to what extent, a voluntary system which is working reasonably well requires reinforcement by fiscal sanctions. And, in considering this, careful thought has to be given to the practical implications of any legal stipulation which might be envisaged. Innumerable collections, or even isolated objects, are in small houses or flats which cannot be expected to be accessible in the same way as those in historic mansions, not least for compelling reasons of security and insurance.

We are thus left with "willingness to lend" to temporary exhibitions appropriate objects which are not otherwise accessible (whether regularly, or by appointment) and which can be so lent without physical risks. In this connection the Arts Council raised in evidence the possibility that whenever the refusal of a request for a loan to a reputable and secure public exhibition was judged by the Treasury, fortified by competent advice, to be unjustifiable, the object concerned might become eligible for assessment for wealth tax. This could serve to ensure that the community would benefit proportionately to any lack of public spirit among collectors.

Denis Mahon.
33, Cadogan Square, S.W.1.

Impossible to administer

From the Hon. Sec., Heritage in Danger.

Sir,—Mr. Michael Thompson-Noel in his article (October 18) clearly sets out the immense and irreparable damage which our cultural heritage would suffer if a wealth tax were to be imposed on works of art.

May I recall the reasons which led the U.S. Congress in 1954 to exempt all household belongings from personal property tax? The minutes of the proceedings record that "it was difficult to administer, taxed only honest men who reported accurately their household goods, and was not closely related to ability to pay."

Further, in 1961 the first recommendation of an Advisory Commission to Congress was: "Each State should take a hard critical look at its property tax law and rid it of all features that are impossible to administer as written, whose effective administration would be intolerable, which force administrators to condone evasion and which encourage taxpayer dishonesty. To protect the integrity of its tax system, no State should retain in its property tax base any component that it is unwilling or unable to administer with competence."

These arguments apply with equal force in Britain.

Hugh Leggatt.
30, St. James's Street, S.W.1.

The price of milk

From the Export Director, L. E. Pritchitt and Co.

Sir,—The parlous financial state of United Kingdom dairy farmers has been highlighted in recent weeks, and while the change in the U.K. "Green Pound" reference rate to the Common Market Unit of Account has gone some way towards alleviating the plight of the dairy farmer, it has obviously not provided the complete answer.

The solution lies in the public paying a price for milk which reflects its true value and not one which is kept at an artificially low level because successive governments have deemed such actions to be politically and socially expedient. Quite frankly, I do not believe that the public appreciates the value for money offered by the humble "pinta," or the labour, expensive processing and transportation that is involved in ensuring that a pure, nutritious product is delivered daily to the doorstep. It is time that this state of affairs was rectified if we are going to retain an economically viable dairy industry in the United Kingdom.

Recognising that the Milk Marketing Board successfully promoted the sale and consumption of milk by the "Drinka Pinta Milka Day" slogan, I now believe it has a role to play in convincing the housewife that a price of 8½p per pint is too cheap and in no way relates to its true value. It is of little value for the industry to keep repeating "We need more money," as this plea can be simply answered by saying "Don't we all?" Far better for the industry to strive to obtain a realistic price for its product(s) by embarking on a hard sell. One possible method would be for milk roundsmen to leave a pictoral leaflet at each outlet illustrating comparative selling prices of a pint of milk to: A pint (20 fluid ounces) of British Railways tea and coffee, tonic waters, ginger ale, etc., etc. Such an approach may convince the housewife that milk still represents a very good buy when compared with these other items.

It is to be faced that the vast majority of the public do not understand the implications arising from the "Green Pound" system or any other aspects of the Common Agricultural Policy of the EEC, and it is my opinion that they are unaware of the difficulties which are facing the dairy industry in this country.

J. E. Ogden.
Terminal House, 52, Grosvenor Gardens, S.W.1.

Food, not feed

From Mr. A. Long.

Sir, — Mr. L. A. T. Moss of the National Federation of Meat Traders has rushed (October 17) into a hasty and wrong nutritional condemnation of foods based on soya beans. He tries to derive support from comments by a lawyer on which the British Nutrition Foundation Bulletin No. 15 observes: "These remarks were apparently not challenged by the defence and they illustrate how dangerous a little knowledge can be." We know of third- and fourth-generation vegetarians in good health. Further, vegetarian children avoid the heavy intake of animal fat and danger of food poisoning that attend consumption of butcher's meat.

Protein-deficiency diseases are almost unknown in Britain; if anything, too much protein is consumed. Deficiencies observed in consumers of butcher's meat are in iron, folic acid and other B-vitamins, and in vitamin C. Adoption of vegetarianism would benefit consumers and British farming and, by reducing dependence on imported feeds, the country's finances. We should use soya beans as food, not feed, and foster attempts at using home-grown pulse-crops as food.

Alan Long.
The Vegetarian Society, 53, Marloes Road, Kensington, W.8.

To-day's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Elliot Richardson, U.S. Ambassador to the U.K., attend International Chamber of Commerce dinner, Quaglino's.

Dr. Henry Kissinger, U.S. Secretary of State, continues talks in Peking.

Crown Prince Fahd of Saudi Arabia continues official visit to Britain.

Sr. Azeredo da Silveira, Brazilian Foreign Minister, continues visit to London and calls on Prime Minister.

Chairman and members of Trade and Industry Sub-Committee of House of Commons Expenditure Committee tour Motor Show, Earls Court.

Issue of Jane Austen stamps by the Post Office to commemorate 200th anniversary of her birth.

International Air Transport Association traffic conference continues in Cannes.

PARLIAMENTARY BUSINESS

House of Commons: Industry Bill, Lords' amendments.

House of Lords: Sex Discrimination Bill, Commons amendments. Community Land Bill, committee. Counter-Inflation (Price Code) (Amendment) (No. 2) Order.

OFFICIAL STATISTICS

Consumers' expenditure (prelim. estimate 3rd quarter).

New vehicle registrations (September).

COMPANY RESULT

Spillers (half-year).

COMPANY MEETINGS

Associated Dairies, Leeds, 2.30.

Guinness Peat, Winchester House, E.C., 10.30.

Wood Bastow, Nottingham, 12.

CONFERENCES

Financial Times conference on Asian Business in 1976, Hong Kong (second day).

Association of Women in Public Relations Forum, New Zealand House, Haymarket.

EXHIBITION

Official opening by the Duke of Gloucester of New Materials and Design exhibition, staged jointly by the Society of Industrial Artists and Designers and the London Science Museum, South Kensington, S.W., at 7 p.m. (open to the public from to-morrow).

COMPANY NEWS + COMMENT

Marks & Spencer ahead after six months

AFTER PROVIDING £3.5m. towards the cost of funding its new pension scheme, taxable profits of Marks and Spencer, the St. Michael stores group, were marginally higher at £35.92m. in the 26 weeks ended September 27, 1975, compared with £35.26m., from sales 23.9 per cent. ahead at £398.7m.

The directors point out that the additional cost of funding the new pension scheme is expected to be about £8m. for the full year. The rate of profit in the first half fell from 10.96 per cent. to 9.01 per cent.

In the U.K., store sales were buoyant during the first quarter, but the rate of increase has slowed down, the directors report. In the light of economic circumstances, they have reviewed forward budgets and have reduced stock levels. The planned store development programme in the U.K. is continuing.

Costs are still rising in every area, they stress. A new campaign has been started to achieve economies in all aspects of operations including the energy conservation drive which continues to make progress.

Adjusting for the one-for-one scrip issue made last July, the net interim dividend is lifted from 1.125p to 1.2p. Last year's total was equal to 3.2372p and was paid on a record profit of £81.86m.

	First half 1975-76 £000	1974-75 £000
Sales:		
Clothing etc.	309.783	236.040
Foods	117.960	94.724
European store sales	3.494	—
Making	411.226	330.764
Less VAT	20.551	18.633
Direct exports	8.383	9.675
Total group sales	396.738	321.806
Profit before tax*	35.917	35.255
Taxation	15.630	18.300
Net profit	17.267	16.955

Half-year figures do not include the Canadian subsidiary, the controlling interest in which was not acquired until August 15, 1975. They do include results for six months of the European subsidiaries.

* After depreciation £4.04m. (£3.73m.).

The directors point out that the results of the Canadian group for the period from August 25 to January 31, 1976, will be reflected in the annual accounts. Its results have not been incorporated in the first half because of the short period which has elapsed since a controlling interest was acquired.

Referring to Europe, the directors report that the initial results of the group's development there are encouraging but with the pre-opening costs to be absorbed, "we are not yet trading profitably."

Marks and Spencer on the Continent see Page 7
Statement Page 22
See Lex

INDEX TO COMPANY HIGHLIGHTS

Capitol Inds. first quarter earnings down

First quarter (ended September 30, 1975) net income of Capitol Industries fell sharply from $2.16m. or 65 cents per share to $324,000 or 16 cents per share. Sales were marginally lower at $33.86m. against $34.21m.

The directors explain that major increases in manufacturing costs were only partially offset by reduced selling, general and administrative expenses and a lower tax rate on earnings of domestic international sales corporations.

The quarterly dividend is 8 cents per share.

No less profit from Staflex

ANNOUNCING first half pre-tax profits in line with the forecast at £940,000 against £965,000, Mr. I. N. Bellow, chairman of Staflex International, the interlinings and sewing industries equipment group, says he expects the 12-month total at least to equal the £1.89m. reported for 1974.

"Looking to the future, 1976 would appear to present the group with above average growth opportunities," Mr. Bellow adds.

The interim dividend is raised from 1.125p to 1.2p net per 25p share. Last year's total was 2.2235p.

Mr. Bellow told the annual meeting in July that the half-year should produce an out-turn close to the first six months of 1974. He believed then that 1975 would be a further record year for both turnover and profits.

The chairman reports that the first half has been a period of mixed trading results, with a slowing down of activity in the U.K., but with benefits from some of the world-wide activities providing compensation.

During the period Staflex has substantially completed its rationalisation of production activities both in Holland and in the U.K. and "this will lead to benefits in future profits," the chairman observes.

Trading in the U.S. and Far East is currently improving, and the year's profit forecast is made with the proviso that this trend continues and trading in other areas comes up to present expectations.

	Six months 1975 £000	1974 £000
Group turnover	15,200	14,200
Trading profit	1,638	1,587
Interest charges	700	673
Sundry income	10	7
Profit before tax	948	965
Taxation	420	365
Net profit	520	600
Minority loss	35	38
Pre-acquisition profit	—	12
Attributable	545	580

* Profit.

● comment

Staflex's wide geographical spread and its recent cost-cutting exercises have offered a good deal of protection against a rapid decline in U.K. demand for interlinings and interim profits are only 2½ per cent. lower before tax. In 1974 roughly 66 per cent. of overall profits were derived from outside the U.K. and the balance must now be even more heavily weighted away from the home market. The group has closed two of its four Holland factories and has incorporated the assets of three of its U.K. factories into two, without apparently losing any of its production capacity. The main benefits from this should really come through to the group in 1976 thus supporting the forecast of above-average growth opportunities in that year. Even so, there should be enough benefits in the current year to put profits back on to an upward trend, especially with the USA, the Far East, and certain areas of the European market now beginning to pick up. At 44½p the shares yield a maximum 8¼ per cent., a maximum which on historic earnings would be covered roughly 4½ times.

Glaxo loan stock purchases

Glaxo Group, a subsidiary of Glaxo Holdings, is buying through the Stock Exchange for cancellation, amounts of the 6¾ per cent. unsecured loan stock 1985-95 and of the 7¾ per cent. unsecured loan stock 1985-95, both of Glaxo Group.

Such purchases are at prices in excess of those quoted in the market prior to the recent commencement of buying of these stocks by Glaxo Group.

Buying of the stocks by the company will continue for a limited period.

● comment

Glaxo's use of some of its current surplus cash to buy in two loan stocks is a relatively small operation—involving a maximum of £3.48m. at current prices—and anyway the company is only likely in fact, to purchase a minority of the outstanding stock. The prices of 23¼p for the 6¾ per cent. stock and 28¼p for the 7¾ per cent. loan were roughly 2p over previous prices when the terms were fixed last Thursday to give yields roughly in line with gilts. And the buying prices have been held since then despite the fall in the gilt-edged market, thus increasing the attractions of selling to the company during the "limited" period.

Ductile turns in £3.78m.

IN LINE WITH the March forecast of second half profits in excess of the £1.68m. reported for the first six months, Ductile Steels reports a pre-tax balance of £2.1m. for that period, giving a total for the year ended June 28, 1975, of £3.78m., compared with £4.63m. for the previous year. Sales improved by 5 per cent. to £87.2m.

Earnings per 25p share for the year are stated to be down from 19.74p to 15.83p. The final dividend is 2.494p net raising the total from 3.693p to 3.941p—or from 22.05 per cent. to 24.25 per cent. at the gross level, the maximum permitted.

Chairman, Mr. R. Sidaway, reports that during the year raw materials became plentiful but the order load rapidly diminished and the group experienced a severe trade recession, which resulted in most companies working at only 70 per cent. of normal capacity. In those circumstances he considers the results satisfactory.

The steel division contributed approximately 63 per cent. of group trading profits (62 per cent.) and most companies produced reasonable results despite raw material difficulties in the first half and lack of demand in the second.

The principal exception was Ductile Sheet Stockists which during the last quarter was forced to sell at depressed margins because of competition from imports.

In the tube division demand for self-colour tube was greatly reduced but orders for Flo-Coat galvanised tube held up "remarkably well" especially in the export market.

The engineering division was affected by losses at a furniture manufacturing subsidiary which has now ceased trading.

Members are told that over the last five years the group has spent £4½m. on plant and buildings and the severe recession has not been allowed to interfere with future investment plans. During the year orders have been placed for a cold mill and a hot mill and more than £3m. will be invested in these and other developments which should be in production by 1976-77.

	1974-75 £'000	1973-74 £'000
External sales	37,737	33,331
Trading profit	3,685	4,879
Other income	125	92
Interest payable	37	43
Profit before tax	3,783	4,627
Taxation	2,009	2,422
Net profit	1,774	2,204
Extraordinary credits	—	113
Preference dividends	4	4
Attributable Ordinary	1,770	2,318
Ordinary dividends	442	411
Retained	1,328	1,904

†After depreciation of £954,000 (£691,000).

An analysis of sales (including intra-group sales) and trading profit shows (£000s omitted) steel re-rolling and stockholding £30,735 (£28,244) and £2,324 (£2,822); tubes and fittings £8,786 (£9,730) and £1,354 (£1,640); engineering £2,288 (£1,763) and £141 (£125); and specialised tubular furniture (ceased trading July, 1975) £636 (£532) and £134 (£18) loss.

● comment

Ductile Steels exposure to the consumer durable and automotive industries—ranging across re-rolling, sheet steel stockholding and tubes—is reflected in an 18½ per cent. drop in pre-tax profits, incorporating a fall of 22 per cent. in the second half. Volume has remained at 70 per cent. of normal capacity throughout the year as tight billet supply gave way to depressed demand, and the effects of BSC price rises in the New Year have been partly offset by price weakness on the stockholding side. Capital expenditure of £1½m. has been covered by net cash flow but a £2m. increase in working capital requirements, largely the effect of stockbuilding towards the end of the year, has boosted bank borrowings from £121,000 to £863,000 or about 8 per cent. of shareholders' funds. Although profits will be under pressure this year, the company is using its strong financial base to embark on further capital expansion. On a longer-term view, a p/e of 4.1 and a yield of 9.6 per cent at 67p, covered four times, could be attractive.

Sir Arnold Hall, chairman of Hawker Siddeley, who yesterday reported first-half pre-tax profits of £24.9m. against £23[...]. Pictured is the CAAC Super Trident Three, of which two have been delivered to The People's Republic of China.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Associated Biscuit	int.	1.2†	Jan. 5	1.12	—	2.41
Ben Bailey		0.39	—	0.38	0.74	0.69
Clayton Son	int.	0.98	Jan. 8	1.01	—	3.28
Dawnay Day		0.5	—	0.34	0.5	1.21
Ductile Steels		[illegible]	—	2.41	3.94	3.69
Hawker Siddeley	int.	6.14	Jan. 5	5.75	—	12.26
Marks and Spencer	int.	1.2	Jan. 16	1.13*	—	3.24*
Moran Tea		4.36	Dec. 11	4.02	5.76	5.42
Paterson Zochonis		5.6	Dec. 1	1.91*	7.	3.13*
William Pickles	int.	0.24	Dec. 31	0.24	—	0.6
Staflex	int.	1.2	Jan. 23	1.13	—	2.22
United Carriers	int.	0.56	—	0.53	—	1.73

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Heywood Williams warning

A WARNING that profit of Heywood Williams Group, manufacturers of aluminium doors and windows, would be below the level of last year—£491,000—was given by Mr. Bryan Scholes, chairman, at the annual meeting yesterday.

The first half (ending October 31) would show no more than a break-even position, he said, but some recovery was expected in the second half.

Mr. Scholes reaffirmed that a reduction in bank borrowings remained a prime objective, but said the budgeted improvement in the group's cash position had been delayed, due to a continuing need at present for working capital.

Experience had shown, reported Mr. Scholes, that the fall in demand from the architectural market was more than the 50 per cent. expected and order-taking had as a result shown a sharp drop.

The chairman added that an improvement was now apparent in the housing market and said the outlook was also promising in the home improvement market, now worth more than £100m. a year nationally—the group had incurred some initial expense in breaking into this market, but was now moving into profit.

In South Africa, prospects were "bright," but the recent devaluation of the Rand would adversely affect the consolidation of profit in the group's results.

Foreign & Colonial progress

FIRST HALF consolidated revenue of the Foreign and Colonial Investment Trust advanced from £2.7m. to £2.85m., with the net attributable balance coming through at £1.22m. compared with £1.16m.

As known, an unchanged net interim dividend of 0.8p per 25p share has recently been paid. Total for the year 1974 was 2.412p paid from net attributable profits of £1.96m.

Consolidated net assets stood at £108.1m. at June 30 (£79.66m. at end-June 1974 and £83.73m. at December 31, 1974) including the investment currency premium where applicable—the contingent 25 per cent. surrender was £8.74m. (£3.22m. and £6.48m.). Stated net asset value per Ordinary was 161p (117p and 93p).

Since June 30, 1975 a new five-year loan of $U.S.5m. has been arranged.

In April 1975, the holding in Centenary Fund, a unit trust registered in Luxembourg, was raised to 62 per cent. and results since that date have been consolidated in the Trust's figures.

	Half-year 1975 £000	1974 £000
Franked income	1,118	1,178
Unfranked	1,711	1,519
Miscell. revenue	24	2
Total revenue	[illegible]	2,699
Admin. expenses	203	183
Interest	547	650
Balance	2,103	1,866
Share associate	9	—
Revenue before tax	2,112	1,866
Taxation	894	710
Net revenue	1,218	1,156
Minority	2	—
Attributable	1,220	1,156
Pref. dividend	47	47
Ord. interim	825	825

Utd. Carriers rise

FROM TURNOVER up from £4.01m. to £4.99m., pre-tax profit of United Carriers, the express parcels company, improved from £566,000 to £753,000 in the six months to August 2, 1975. For the year 1974-75 profit was £1.03m.

Mr. Graham Millard, chairman, says that continued uncertainty over the economic state of the country makes forecasting for the full year difficult, but he is "encouraged" by the results so far.

Stated earnings per 10p share are up from 2.8p to 3p and the net interim dividend is lifted from 0.525p to 0.56025p, the maximum allowed. Last year's total was 1.728p.

● comment

A higher volume of traffic in the first six months, following the rather static position last year, has left United Carriers some 33 per cent. ahead pre-tax on a 24 per cent. sales gain. An increase in the trailer fleet has allowed UC to reduce its dependence on sub-contractors and has improved the group's flexibility. However, the first half would have reaped the benefits of the October price increases and the impact here obviously will not be so great in the current period. But volume trends are being maintained while the shares at 26½p have a useful support in a well-covered yield of 11 per cent.

Camellia sees peak

As "substantial" profits have been earned from the sale of investments, net profit for all 1975 at Camellia Investments will be at record levels, say the directors.

For all 1974 profit was £90,632 before tax of £44,873 and the dividend amounted to 1.5p net.

In their interim stateme[...] directors state that inve[...] income will well exceed [...] previous years, but it [...] appear that this increase [...] largely offset by the [...] profitability of the [...] companies.

Moran Tea

Profits for the year to M[...] 1975, of Moran Tea H[...] expanded from £167,2[...] £263,773. Tax takes [...] compared with £19,544, [...] the net balance slightly l[...] £140,406 against £147,666.

The final dividend is 4.[...] lifting the total from 5[...] 5.761792p net.

ISSUE NEWS

LOCAL LOANS

Arrangements have [...] completed for the placing [...] following local authority [...] City of Dundee District (£1m.), City of Edinburgh (£½m.), City of Mar[...] (£3½m.), City of Durham [...] Stafford Borough Council [...] Tendring District Council [...] Test Valley District (£½m.), Grampian [...] Council (£1½m.), City of [...] (£½m.), Strathclyde [...] Council (£¾m.), London [...] of Wandsworth (£½m.), [...] District Council (£½m.), [...] District Council (£½m.), T[...] and Malling District (£½m.), Malvern Hills [...] Council (£½m.), Mole [...] District Council (£½m.), [...] District Council (£½m.), [...] Borough of Newham [...] South Bedfordshire [...] Council (£½m.), Bolsover [...] Council (£0.3m.), Sp[...] Borough Council (£½m.), [...] issuing 12½ per cent. bo[...] October 27, 1976 at par.

Dawnay Day loss—but big second half improvement

BY MARGARET REID

Dawnay Day Group, the investment banking and unit trust group, considerably improved its trading position in the second half of the year to June 30, 1975.

But it still incurred a £1.7m. loss, before tax and extraordinary items, in the full year 1974-75, although a £382,000 profit in the latter six months partly offset the £2.1m. loss in the first.

This has provided sufficient encouragement to enable the group, in which Prudential Assurance holds a 19½ per cent. share stake, to pay a final dividend, equal to 0.77p a share gross—the interim was passed.

The result is struck after the setting aside of £1.4m. of provisions against bank advances, the bulk of which—£1.2m.—were made in the first half. More than half the provisions were against loans to Marshall Securities, the private property company in which DD had a sizeable equity interest and to which it made considerable advances. Marshall is now in voluntary liquidation.

Commenting on the results, the new chairman, Mr. Peter Parker, the prominent industrialist who is a member of the Labour Party, said that in the past six months the tide had turned. The banking operations of DD, although on a diminished scale, had continued without the need for additional resources.

The group as a whole, he added, had contained its position sufficiently well to undertake a programme of de-gearing, including the cancellation of some half of its convertible loan stock. The trading subsidiaries made a full-year £186,000 profit, though in the second half there was a £2,000 loss, due to a loss by the Ware Carnegie food concern.

DD's banking side has undertaken very little new lending for many months past in the adverse climate created by the secondary banking crisis. The company has not had recourse to help from the "lifeboat" established to assist secondary banks.

But it has been fortified by a £10m. borrowing facility from the Prudential which was set up in late-1973 and some £5m. of which is drawn at present. Interest on the facility is based on interbank interest rates, with the addition of 1½ per cent.

The restrictive policy of the past months has led to a reduction in outstanding loans to £12.7m. at the end of June, 1975, from £15.7m. a year earlier. Major sales of the shareholdings of the group's in-house investment trust, Winton Trust—a substantial part of them in July, 1974—have cut the holdings of investment trusts to £1.3m. from £8.8m., while loan capital is halved to £3.3m. following purchases and cancellation of the loan stock.

Deposits, which include those under the Prudential facility, have contracted to £18m. from £26.3m.

	1974-75 1st half £000	2nd half £000	Year 1973-74 £000
Invest. bnkg. loss	1,419	*284	†282
Invest. trusts	238	306	421
Trading subs.	188	*2	468
Associates	51	53	98
Leaving loss	538	*841	*705
Except. items‡	1,180	259	1,050
Loss	2,213	*382	†347
Tax charge	176	§281	**274
Extraord. debits	30	‡1,098	‡‡507
Deficit balance	2,319	Δ1,761	††1,128

Unaudited figures for six months to December 31, 1974, as published, were prepared on basis that all interest due was included in revenue from investment banking, and a provision was made as an exceptional item for that part considered doubtful. In audited accounts for the year, interest which, the directors feel, is unlikely to be received, has not been brought into revenue account and no provision is required. Apportionment of results for the December, 1974, six months restated on this basis. * Profit. † Loss. ‡ Provisions against banking advances. § Credit. ‡‡ Debits. Δ Surplus. †† Deficit. ** Charge.

● comment

Although Dawnay Day's year-end picture is rather better than that painted by the interim in March, the share price is rather less optimistic than then, with a fall from 23p to the current 16p against a net worth of 41p a share. The group has returned to small profits in the January-June period, and it claims that the banking business has now been stabilised—though there is still hardly better than a breakeven position on this side. In balance-sheet terms, Dawnay Day has run down various assets—notably in the investment trusts—to counter a substantial reduction in deposits and to buy in the loan stock. It has a relatively large capital base, however, and the successful Target unit trust and life assurance subsidiary is a valuable, if partly, hidden asset. What remains obscure is how the group can turn its assets to profitable use, but the shares certainly ought to respond strongly to any lifting of the financial clouds over the City.

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Significant improvement for Assocd. Biscuit

...ITS, before tax and interest, ...e Associated Biscuit Manu-...ers group increased by 56.7 ...ent. to £5.45m. in the 36 ... to September 7, 1975, from ... up by 12.4 per cent., to ...m. and a "significant" ... improvement for the full ...ver 1974 is expected.

... 36-weeks' growth is mainly ...table to a particularly satis-...y improvement in the U.K. ...anada, reports Mr. R. P. ... chairman.

...tax profit was up from ...m. to £4.3m., with stated ...ngs per 20p Ordinary advanc-...om 3.1p to 4.5p.

...ings per share should be ...aintained for the year, not-...anding the increase in ... following the rights issue, ...Mr. Carr. It is intended to ...e maximum allowable divi-... total for 1975—this is 2.574p ...n the enlarged capital, and ...is 1.2p is declared as an ...n. The total for 1974 was ... paid from earnings of 7.5p.

... Carr comments that the ...eriod's 15 per cent. increase ...K. sales represents higher ... prices, reflecting higher ... Tonnage, however, is down ...n part to a general decline ... biscuit market but more ...ularly to a fall in demand ...ocolate biscuits and wafers, ... suffered a disproportionate ...se in price as a result of ...hocolate prices and VAT. ...e increases at the beginning ... year have helped to restore ...s which after interest have ...ed from 4.2 per cent. to 5.5 ...nt.

...rt sales have been "dis-...ting," the volume of busi-... being affected by the ...nic recession in many ...s, especially North America ...pan.

	36 weeks 1973 £000	1974 £000
...mpanies sales	57,121	40,323
...l	27,432	32,844
...ssociate	—	1,948
...sales	84,553	75,225
...rofits	3,643	3,564
...	1,684	913
...profits	5,447	3,477
...able less recvble.	449	344
...profit	4,798	2,933
...d tax	2,674	1,665
...	2,164	1,268
...	135	112
...able	2,029	1,156
...dividend	507	373

...per cent. share in the associate, Tobler Meltis, was sold with ...om December 27, 1974. The 1974 ...include losses of the Australian ... of £94,000.

... packaging and light ...ering division, in common ...hers, has experienced a fall ...ers for most products in-... tins for the food trade. ...as reduced profits for the ...

...seas, both Associated ...s of Canada and Britannia ... in India showed a sub-... improvement in turnover ...rofits. The sale of the ...ian company at the begin-... the year has eliminated ... that appeared in the 1974 ...

...rospects, Mr. Carr says the ...hristmas trade is an im-... factor in the second half and it is unlikely that the volume of business will reach last year's level. However, profits at the year-end should show a significant improvement on 1974 both from the U.K. and overseas companies.

Statement Page 20

See Lex

Clayton Son midway downturn

ON TURNOVER of £1.71m., against £1.61m., profits of engineers Clayton Son and Co. (Holdings) slipped from £143,128 to £133,639 in the first half of 1975, subject to tax of £39,096 compared with £33,280. After minorities of £168 against £2,197, the attributable balance fell from £107,651 to £94,375.

The Board anticipates that by the end of the year the completion of current work will result in a trading profit exceeding that of last year by "a reasonable margin."

The present level of the group's order book is high and there is likely to be a large volume of work in progress continuing for several months ahead, but a shortage of skilled labour still persists. Profits before tax for 1974 were £314,914.

The interim dividend is 0.975p against 1.005p net equal to a much improved 1.5p gross. Last year's net final was 2.275p.

The nature of the group's business and its policy of not taking profit on contracts until they are invoiced makes difficult any meaningful comparison of short-term results, the directors point out.

Since the last report to shareholders the group's interest in certain associates has changed. Motherwell Bridge (Holdings) has exercised its option to acquire a further share of the equity in the Australian associate, J. F. Thomson (Pty.), whereby Motherwell and the group now each hold 39.75 per cent. The group's interest in J. and T. Electrical Controls has reduced from 50 per cent. to 40 per cent. The figures for the half year reflect these changes.

Efficiency moves at Corah

The chairman of Corah, the Leicester-based knitwear manufacturers, has written to shareholders outlining "the intentions which lie behind the recent changes" in the company. These involved, among other things, the closure of three plants with a loss of 509 jobs.

"As a result of the national recession and the continuing growth of imports of textile garments from the Far East there is depression in the industry as a whole with particular emphasis on the knitting sector," he points out.

And he adds—"We decided that it was essential for us to further improve our efficiency so that we are able to more satisfactorily meet competition from abroad. With these thoughts in mind we planned a series of moves which if successful would enable us to maintain production and ensure our ability to expand in the future, while occupying less than had been previously thought necessary."

£2.3m. jump at Paterson Zochonis

EXCLUDING Cussons Group, purchased earlier this year, taxable profit of Paterson Zochonis and Co., West African merchants, manufacturers and distributors, advanced from £6.03m. to £8.33m. during the year ended May 31, 1975, after £3.51m. against £2.75m. in the first half. The directors had forecast "not less than £7.5m." for the year.

The outcome includes profit on exchange from normal trading for the year of £65,342, compared with £1.15m. previously which, according to the directors, was "exceptionally large" due to abnormal fluctuations between sterling and certain West African currencies.

Including this profit, earnings per 25p share are shown to be up from 39.86p to 55.43p; excluding it they are up from 32.93p to 54.82p.

As forecast, the final dividend is 5.6p net, which lifts the total to 7p, compared with an equivalent 3.128p after the one-for-eight scrip.

	1974-75 £	1973-74 £
Turnover	98,555,500	74,731,008
Operating profit	8,261,975	4,974,221
Exchange profit	65,342	1,153,375
Profit before tax	8,328,317	6,027,596
Tax	3,992,105	3,227,958
Profit after tax	4,335,212	2,799,638
Minorities	1,191,244	530,068
Attributable	3,143,968	2,269,570
Pref. divs.	31,416	31,416
Ord. divs.	432,866	175,694

The record operating profits and turnover are attributable to higher manufacturing profits from the group's expanding industries, particularly in Nigeria, and generally buoyant conditions in trading, especially in the more sophisticated ranges.

With a view to increasing marketability, it is proposed to alter the denominations of the Ordinary and "A" (non-voting) Ordinary shares from 25p to 10p in the ratio of five 10p shares for two 25p shares now held.

There is an addition to reserves of £352,721 arising on the conversion on net currency assets to sterling at the rates of exchange ruling on May 31, 1975.

The profit and loss account for the year to May 31, 1976, will include the results of Cussons for the 14 months to that date.

See Lex

Hindson Print long-term confidence

For the short term, if the present tide of low industrial activity continues, Hindson Print Group will be affected, says the chairman Mr. H. D. Davy. But he remains confident in the longer term.

With the long term future in mind it is proposed to double the authorised capital to £0.5m.

In spite of retentions from record profits over recent years, the effects of tax and more recently of inflation have made it difficult to finance expansion and the company has mainly depended on bank borrowing and acquisition of plant by leasing and hire purchase.

While the present cash position is adequate to meet the immediate future any expansion in activities will require either additional loan or share capital. In addition the directors are constantly looking at opportunities to expand by acquisitions or amalgamations, the chairman explains.

Group turnover increased from £2.39m. to £2.93m. in the year to June 30, 1975, and, as reported on September 10, pre-tax profit advanced from £214,829 to £263,841. The dividend is 3.158p (2.95468p) net on earnings of 25p (20.3p) before tax and 11.2p (9.5p) after tax.

Inflation adjusted accounts show turnover £3.34m. (£3.27m.), pre-tax profit £199,000 (£204,000) and net earnings per share 5.1p (3.6p). Equity interest on the CCP basis is £1,215,000 (£1,195,000) —£764,000 (£679,000) historical.

Ferguson Industrial Holdings owns 28.32 per cent. of the capital. Meeting, Newcastle upon Tyne, November 11, at 12.30 p.m.

INDUSTRIAL & COMM. SYSTEMS

An order made on October 6 for the compulsory winding up of Industrial and Commercial Systems has been rescinded and the petition dismissed by consent.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
	F.P.	—	169	131	Corn Exchange	131	......	b1.68	2.5	1.6	—
	F.P.	7/11	110	69	Blandar'd G'd Min'g 80c	106pm	+2	—	—	—	—

FIXED INTEREST STOCKS

Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
F.P.	21/8	95	85	Adwest Grp. 10½% Cnv. 96/2000	94	......
F.P.	17/10	99	97½	Bristol Water 9% Red Pref 1980	98	......
F.P.	—	100½	98	CSR 8½% Notes 1980	98	......
...0	—	51½	50	City of Liverpool 13¼% Stk. 1981	50½	−½
F.P.	5/9	103½	98	Clayton Dewandre 16% Deb. 90/5	101½	−½
...0	11/2	30¼	29½	Coventry (City of) 13¼% Red. Stck. 1980	29¾	−½
...5	5/12	46¼	44½	Derby Borough Council 14¼% Stk. 1982	45	−½
F.P.	9/9	100½p	95p	Fodens 10% Cnv. Red Cum Pref.	95p	......
F.P.	15/10	130½	113	Haslemere Est. 9¾% '90-5	113	−2
F.P.	24/10	105¼	102	Hoechst 10% Guar. Ln. 1990	104½	......
...0	9/1	51½	49⅞	Islington 13¾% Red. Stk. 1980	50½	−½
...0	9/1	49¾	47½	Do. 14% Red. Stk. 1985/6	47½	−¾
F.P.	—	111	94p	Johnson&Firth Brown 11.05%Cm. Conv.Prf	111p	......
...40	22/8	69½	40½	Land Secs 10% Conv. 90/5	61	−1½
...0	28/11	11	10¾	Lea Valley Water 9% Red. Pref. 1980	11	......
F.P.	26/9	109¼	97	Newcastle & Gate 9% Red. Prf. 1980	99	......
F.P.	—	99	98	Noranda 9¾% Notes 1980	$0.98	......
F.P.	—	98	98	Do.	$0.898	......
...5	23/1	27½	26	Norcros 15¼% Deb. 1990/95	26	......
F.P.	28/11	109	100	Spirella 14% Conv. 1990	109	......
F.P.	29/8	117¼	101¼	Whitbread 11% Conv. 1996	114½	+½
F.P.	31/10	99½	93¼	York Waterworks 9% Red. Pref. 1980	99	−½

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	1975 High	1975 Low	Stock	Closing Price p	+ or −
	F.P.	22/9	30/10	138	100	BPB Ind.	129	−1
	Nil	28/10	25/11	46	37	Babcock & Wilcox	40pm	+1
	F.P.	6/10	14/11	57½	49	European Ferries	54½	−½
	Nil	30/10	28/11	14½	10	Grand Met. Hotels	10pm	......
	Nil	—	—	96	70	I.C. Gas	81pm	−1
	F.P.	4/11	—	100	84	Ladbroke	88	+1
	F.P.	29/8	14/11	68	50½	Norcros	67½	......
	Nil	30/10	9/12	39	34	Northern Foods	34pm	−½
	Nil	—	—	4¾	3	Peacock Sasini	3pm	−1
	F.P.	17/10	14/11	306	280	Royal Insurance	292	−4

...ciation date usually last day for dealing free of stamp duty. a Placing ... public. b Figures based on prospectus estimate. d Dividend rate paid or ... on part capital, cover based on dividend on full capital. p Pence ...herwise indicated. ¤ Forecast dividend: cover based on previous year's ... T Figures assumed. ‡ Cover allows for conversion of shares not now ...for dividends or ranking only for restricted dividends. ** Issued by tender. ...l to holders of Ordinary shares as a "rights." ♥ 280 S Afr. cents. ‡ Rights ...of capitalisation. †† Tender allotment price. ♠ Reintroduced. ‡‡ Issued in ...n with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to ...Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or ...d allotment letters. $ With warrants.

The new Elandsrand gold mine in the Far West Rand is being rapidly developed. In the foreground is the compressor house which will provide an initial 1,500 cubic metres of compressed air a second during shaft sinking.

MINING NEWS

Kalgoorlie gold mines face a crisis

BY LESLIE PARKER, MINING EDITOR

THE CRISIS in Australia's cost-beleaguered Golden Mile goes on, our Perth correspondent reports. It is now considered in Kalgoorlie that without a Federal Government loan or the injection of American capital this month the Fimiston segment is likely to revert to a care and maintenance basis.

This was the verdict of Kalgoorlie Lake View chairman Mr. Brodie-Hall when he described Western Australia's gold-mining industry's position as being precarious in presenting figures which implied a $7m. annual loss if the present economic framework was unchanged.

At best, according to a spokesman for Western Mining which has a 21 per cent. equity interest in the Golden Mile, mining and associated treatment at Fimiston will be forced to close and so allow efforts to be concentrated at Mount Charlotte which is highly mechanised with a more homogeneous orebody.

The two most possible solutions are thought to be the provision of equity capital by an unnamed U.S. group believed locally to be Homestake, which was a pioneer partner of Western Mining in the first west coast iron ore venture, or a plea for Federal Government funds.

Trade unionists staged a one-day strike last Wednesday alleging that Western Mining was playing politics, "ripping the guts out of the golden mile" by high-grading, and that they should be responsible for maintaining employment in Kalgoorlie. The area's major existing producers are Kalgoorlie Lake View in which Western Mining, Gold Mines of Kalgoorlie and Poseidon are the participants and Central Norseman, also a Western Mining group company. Western Mining fell 3p to 153p yesterday.

ROEBOURNE TO BE WOUND UP

At an extraordinary meeting of shareholders in Perth on Monday, Roebourne Exploration was voluntarily wound up. This brought to an end a company which was formed at the end of the last Australian nickel boom and which had the Poseidon era personality Mr. Geoff Burrill as a director.

The chairman, Mr. J. P. Forsyth, told the meeting that the company's gold mine at Coolgardie in Western Australia was no longer viable. He attributed the situation to technical problems, an exceptionally high rainfall which hindered dry ore processing, a sharp fall in gold recovery rates and the inability of Roebourne's major shareholder to provide the necessary finance to continue operations.

The chairman did not think that shareholders would receive any compensation after the winding-up is completed. The shares have been suspended since the end of September.

SWACO'S TWO NEW PROJECTS

Despite higher prices received for zinc and vanadium, the South West Africa Company had to contend in the year to June 30 with the adverse effects of lower production, higher costs and a sharply reduced dividend from the 25 per cent. holding in Tsumeb Corporation.

The result, as already announced, was a fall in net profits to £756,151 from £1,026,092. However, the U.K.-registered company's dividend was raised by the permitted maximum to 17.875p net.

The annual report discloses that part of the past year's rise in costs stemmed from the decision to reopen the Brandberg West open-pit property, which is estimated to contain 6.6m. tons of ore grading 0.24 per cent. combined tin and wolfram, and to start production on a trial basis at the Otjivalunda salt pans.

At this stage Swaco finds it "difficult to quantify" the effect of South Africa's devaluation on the group's financial position for the current year. But an up-to-date assessment of the position will be given at the London annual meeting on November 13. The shares were 140p yesterday.

ROUND-UP

Production is back to normal at the General Mining group's Buffelsfontein gold mine after disturbances among the black workers over the week-end. Almost 100 per cent. of the workforce at the south shaft resumed work yesterday. Two black miners were killed and 14 injured during the unrest.

* * *

Third quarter's diluted net earnings of Amax amount to 84 cents per share compared with $1.40 in the same quarter of 1974. The total for the past nine months is brought to $3.21 per share against $4.11 last time, 1975 sales being $710.4m. compared with $905.5m. This year's figures take into account the sale of 5.9m. Amax shares to Standard Oil of California.

* * *

The dispute has been settled at Turner and Newall's Canadian Bell Asbestos Mines at Thetford Mines in Quebec. Mine and mill employees of Bell have now returned to work after having been on strike since March 17.

'Johnnies' exploration

A RISING star on the African mining exploration scene these days, Johannesburg Consolidated Investment points out that it spent a net R6m. (£3.36m.) on exploration and research in the year to June 30. A further R0.6m. went on the acquisition of mineral rights and options.

Drilling continues for gold in the South Roodepoort area to the west of Johannesburg while copper, nickel and uranium occurrences are being examined in the North Western Cape and in South West Africa's Namib Desert. But in Angola work has been suspended as a result of the political crisis there; previously drilling targets had been defined on copper, zinc and uranium discoveries.

Of the new mining ventures, construction is on schedule at the Otjihase copper mine in South West Africa which started trial milling earlier this month. Its planned production capacity is 30,000 tons of copper a year and the total cost of R47m. (£26.3m.) is being funded by equity, shareholders and bank loans.

Trial milling also began this month at the 34 per cent.-owned Shangani nickel mine in Rhodesia. Shangani intends to raise some $Rh.5.5m. of the $Rh.22m. total capital requirement by way of a rights issue towards the end of the year to next June. "Johnnies" were £21 yesterday. The Johannesburg meeting will be held on November 11.

MIM cool on metal revival

ANOTHER leading mining group, Australia's MIM Holdings, takes a cautious view about near-term prospects for metal prices. It comments that economic recovery in the major industrial countries is likely to be slow and that until there is a strong and sustained upsurge in demand there is no immediate chance of any major improvement in metal prices.

These sobering comments accompany MIM's unaudited net earnings for the first quarter of the current year to net June which have fallen to $4.99m. (£3.00m.) on sales of $57.6m. In the same quarter of last year they were $17.74m. on sales of $73.68m.

It is pointed out that the latest decline in earnings reflects the fall in copper and lead prices together with lower shipments of zinc concentrates. At the same time costs have continued to run at high levels and royalties have increased. MIM were 204p yesterday.

SABINA DRAWS A BLANK BUT . . .

Drilling of Sabina Industries' Bathurst base-metal prospect in New Brunswick, which is under option to America's U.S. Steel, has drawn an initial blank from seven shallow holes.

But hope is kept alive by surface sampling of one of the more significant of the anomalies revealed by airborne surveying located a considerable distance from the area presently being probed. Exploration of this anomaly is continuing with drilling expected to be under way shortly.

The area is approximately four miles south-west of Brunswick Mining and Smelting's No. 6 open pit. Additional claims have been staked up to the border of the latter property, it is stated. Yesterday Sabina dropped 5p to 83p.

MINING BRIEFS

GRIQUALAND EXPLORATION—September quarter: Trading profit R1,354,000 (June R1,331,000). Net profit attributable to members of GEFCO R1,339,000 (R1,132,000). Capital expenditure R486,000 (R256,000) and prospecting expenditure R74,000 (R79,000).

SAINT PIRAN—Production of Tin metal contained in concentrates: September. Malaysia, 31 tonnes; U.K., treated 16,618 tonnes, produced 141 tonnes (August, 10, and 93 tonnes respectively).

BIDS AND DEALS

Argyle Secs. reorganisation in France

Argyle Securities and N.V. Beleggings Maatschappij Wereldhave have entered into a conditional agreement to reorganise their joint French property company Noah Investissements S.A.

Under the terms of the agreement, Noah will sell to Wereldhave 80 per cent. of the capital of Haussmann Bureaux S.A., and repay loans made to Noah by Wereldhave.

Argyle will purchase the shares held by Wereldhave in Noah for FF.1.5m.

Haussmann is a property investment company owning an office building near to La Defense in Paris with a book value of Frs.33.8m. and financed by a substantial long-term mortgage.

Following completion of the transaction, Argyle will own 100 per cent. of Noah. Noah's subsidiary company, Ecopar, a property dealing company, will continue its programme of sales.

Attock Oil scheme

The High Court has directed that a meeting of stockholders of Attock Oil be held on November 6 to consider the proposed scheme of arrangement.

The scheme involves formation of a new holding company which would acquire all the 100p nominal stock units in Attock, in exchange for the same number of its own Ordinary 20p shares.

The reorganisation is designed to overcome the problems stemming from the market value of the company's shares staying persistently below par value.

Stockholders will also be asked to approve an agreement providing for the worldwide termination of the managing agency arrangements between Attock and Steel Brothers, the international trading group. Copies of the scheme have been posted to stockholders.

Hills Shops bid for Bellair

Following the purchase last month of 75 per cent. of the Bellair Cosmetics' issued capital, Hills London Shops, a private concern which operates, among other things, a chain of airport shops in Britain and New York, has issued a formal document in connection with an offer for the remaining shares at the same price of 28p a share cash.

It is the intention of Hills to endeavour to maintain the Stock Exchange listing of Bellair shares and "to that end, it is intended that arrangements will be made to place that number of Bellair shares which would, by reason of acceptances of the offer, take the Hills holding above such a level as prejudices the maintenance of the listing."

The Bellair Board is recommending acceptance by shareholders "other than those who are prepared to wait for some benefit from Hills' management to be reflected in the market price of Bellair shares."

SHARE STAKE

Hume Holdings—Rothschild Investment Trust has acquired a further 25,000 "B" Ordinary shares and its holding is now 3,427,372 "A" and 144,136 "B" representing in aggregate 27.4 per cent. of the issued "A" and "B" capital.

ASSOCIATE DEAL

De Zoete and Bevan sold 9,300 BTR at 130p on behalf of Kleinwort Benson.

Hawker Siddeley improves to £24.9m. at halfway

EXCLUDING Hawker Siddeley Canada, pre-tax profits of the Hawker Siddeley Group improved from £23.16m. to £24.98m. in the half year ended June 30, 1975, after an interest charge of £2.45m. compared with income of £857,000.

After tax and minorities and taking in a net amount of £1.39m. compared with £1.23m. in respect of HSC, there is a balance attributable to the group of £13.26m. against £13.47m. Earnings per £1 share are stated at 27.6p against 28p.

The net interim dividend is raised from 5.75p to 6.1362p—equal to 9.4403p (8.58209p) gross. For the year 1974 a total of 12.2646p net was paid from attributable profits of £27.36m., which included £2.37m. in respect of HSC.

	Six months 1975 £000	1974 £000
Sales:—		
U.K. home	[illegible]	115,000
U.K. direct export	108,000	71,000
Overseas companies	39,000	46,000
HSC	81,000	67,000
Total sales	368,000	299,000
Trading profit*	27,421	22,308
Interest charged	2,446	†857
Profit before tax	24,975	23,165
Taxation	12,103	10,901
Net profit	11,872	12,264
Minorities	12	25
Share of HSC net profit	1,387	1,234
Attributable	13,237	13,473
Interim dividend	2,926	2,741

* Excluding HSC. † Credit.

The share of HSC's profit after tax attributable to Hawker Siddeley comprises (£000s omitted):—trading profit £6,762 (£5,496), less interest £1,307 (£1,138), tax £2,557 (£2,012) and minorities £1,211 (£1,112).

It was announced in July that agreement had been reached in principle with Studebaker-Worthington Inc. (owner of 80 per cent. of the capital of Onan Corporation) on an arrangement which would result in both companies having equal holdings in the Onan stock.

This is expected to be accomplished by a combination of a purchase of Onan shares from S-W at $US32.50 per share and a tender offer at the same price to public holders for all the outstanding stock. If completed, it is estimated the approximate cost to Hawker Siddeley will be $51m., of which $35m. would be funded from own resources and the balance by a borrowing.

It is also envisaged that the right of either party to sell its interests in Onan would be restricted for 10 years and that in certain circumstances the group could purchase S-W's remaining interest.

The U.S. Department of Justice is examining the proposed transaction from the standpoint of the Anti-Trust legislation. As part of the transaction Petters, a wholly-owned group subsidiary, would enter into a licensing agreement with Onan in respect of diesel engine technology.

Detailed negotiations are still proceeding and an announcement will be made when these are completed, the directors state.

Members are told that a 15 per cent. participation has been made in the equity of Sherkat Sahami Hawksiran Diesels Khas, a newly formed Iranian company, which will manufacture industrial diesel engines up to 40 hp from the ranges of the group's U.K. diesel engine manufacturing subsidiaries. It is expected the issued equity will build up to £2.5m.

On the subject of nationalisation the directors say their views are unchanged—"We regard the proposed nationalisation as unjustified and the basis proposed for the compensation terms as unfair."

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—Astbury and Madeley, Ayrshire Metal Products, Gill and Duffus, Green's Economiser, Harrisons and Crosfield, Jessel Toynbee, London Trust, Marshall's Universal, Sabah Timber, Sheffield Twist Drill and Steel, Spillers, West Bromwich Spring.

Finals—Eleco Holdings, Leon Berner, Gomme Holdings.

FUTURE DATES

Interims—

British Investment Trust	Oct. 27
Capper-Neill	Nov. 5
Cole (R. H.)	Oct. 24
Crossland (R. & A. G.)	Oct. 24
De Vere Hotels & Restaurants	Oct. 31
Downs Surgical	Oct. 24
Furness Withy	Oct. 28
Hambros Investment Trust	Oct. 23
James (Maurice)	Oct. 30
Northern Securities Trust	Nov. 12
Press (William)	Oct. 30

Finals—

Automatic Oil Tools	Oct. 30
Guildhall Property	Oct. 23
Investment & Property	Oct. 29

London & Strathclyde policy

Mr. W. C. Allan, chairman of London and Strathclyde Trust, says that the decision not to increase the dividend should be seen in relation to the outlook facing the U.K. and the lower level of income that has to be accepted on the company's "substantial" overseas portfolio.

It would be possible to build up the revenue account by repatriating a proportion of these investments but the Board is reluctant to follow this course of action.

As reported on October 9, net revenue for the year to August 31, 1975 increased from £173,727 to £197,813 and the dividend is held at 1.2p net.

The chairman points out that the "substantial" liquidity built up by August 31, 1974 was increased in the early months of the year in order to reduce further the high level of gearing. As the world recession deepened it was decided that borrowings were out of line with the equity base and the multi-currency loans, redesignated in U.S. dollars in September, were reduced from $7,458,648 to $4m. in December.

This proved to be an expensive exercise as not only had the company to sell U.S. stocks at low levels but it had to buy premium dollars at very high rates, and thereafter write off the premium when premium dollars were converted to loan dollars.

The Board continues to believe that foreign loans form an integral part of a well-balanced international portfolio and is confident that the benefits should not be too long delayed. In the meantime flexibility is increased and when the loan is eventually repaid any surplus will attract the dollar premium.

Meeting, 2, St. Mary Axe, EC, November 12, at 11 a.m.

Confidence at Dover Engineering

Despite the economic uncertainties, the directors of Dover Engineering Group are confident the company can look forward once again to the development of a prosperous business, states the chairman, Mr. A. F. Bartlett.

While the sales increase in the year to March 31, 1975 from £4.25m. to £4.93m. reflected inflation rather more than real growth, the improvement in profit before interest, depreciation and tax from £44,341 to £331,542 enabled the group to produce a turn around of £240,040, into profit before tax of £114,000 for the year.

It was therefore, able to make the necessary further provision for the ultimate deficit arising from the disposal of the property interests as forecast in the chairman's interim statement.

The disposal of property interests was pursued and the only development property remaining in the balance-sheet is four acres of land located in "a most sought after residential area."

The position of the previous largest shareholder, Thomas Poole and Gladstone China has now been undertaken by Newman Industries and Mr. Bartlett says it is firmly believed by the Boards of Dover and Newman that the new formal relations will encourage and expand mutual interests and trading.

The balance sheet excludes the interest (shown at £501,090) of a subsidiary in a partnership on the assumption that the affairs of that partnership will have no further effect on the group. The auditors state: "We are unable to confirm this categorically and, therefore, to state whether the Accounts give a true and fair view in this respect."

The mortgage loan (shown at book value of £50,000) is overdue for repayment, the company's action for recovery is being contested and the value of the securities held is, in the auditors' opinion, uncertain. In these circumstances they are "not satisfied that the loan will prove to be recoverable."

Meeting, 5, Belgrave Square, S.W. on November 18 at noon.

B. Bailey down by £204,967

SECOND HALF profits of Ben Bailey Construction, building contractors and estate developers, show a reduction from £104,380 to £58,689, leaving the total for the year ended June 30, 1975, more than halved at £196,386, against £401,353.

At the interim stage, chairman Mr. B. Bailey explained that the lower profit was due to a fall in demand and very high interest charges.

He reported, however, that demand was currently very good and with a reduction in interest charges he felt he could look forward with some confidence to the full year, although he did not anticipate as good a result as last year.

The year's turnover was virtually unchanged at £2.46m. compared with £2.41m. After tax of £104,379 (£217,216) the net profit emerged at £92,007 (£184,137).

Earnings per 10p share are stated at 1.761p against 3.524p and the dividend total is lifted from 0.69435p to 0.74098p net, with a final of 0.38958p.

UNIT TRUSTS

New PFPUT issue

The latest issue of units [illegible] Pension Fund Property [illegible] Trust is to take place on Oc[illegible] 31 at a price of £1.275 ne[illegible] unit. On the basis of the [illegible] four quarterly distributions [illegible] yield will be 5.7 per cent.

The trust, which starte[illegible] 1966, exists as an invest[illegible] vehicle to enable eligible pe[illegible] funds to invest directly in [illegible] erty making the best use of [illegible] favourable position to s[illegible] maximum return, but wi[illegible] being involved in the atte[illegible] management problems.

At the latest valuation the [illegible] totalled £100m., including [illegible] in cash. There were 490 pe[illegible] funds holding units in the [illegible] at September 30.

Mr. C. J. Baker, chairman [illegible] there are signs that pr[illegible] values are now beginnin[illegible] follow equities in an u[illegible] trend, the value of inves[illegible] properties tending to follow [illegible] exchange prices after a tim[illegible] of several months.

He estimates that there [illegible] about £1bn. of real estate [illegible] hanging the market, [illegible] secondary properties, and [illegible] pects that first-class inves[illegible] properties, particularly free[illegible] will soon command a premi[illegible]

M & G TRUSTE[illegible] DISTRIBUTION

A distribution on Income [illegible] of the M and G Trustee Fu[illegible] the accounting period to O[illegible] 19, 1975, of 2.813p net pe[illegible] is announced, payable Dec[illegible] 7—the corresponding pa[illegible] last year was 2.419p.

The total distribution f[illegible] year amounts to 5.363p n[illegible] unit, compared with 4.69[illegible] increase of 14.13 per cen[illegible] 17.65 per cent. gross. The [illegible] bution has now been lif[illegible] seven consecutive years.

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FINANCIAL TIMES SURVEY

Wednesday, October 22 1975

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FINNISH PULP and PAPER

The products of Finland's forest industry are of critical importance to the country's economy and foreign trade. The collapse of the world market for pulp, paper and similar manufactures has thrown up a host of problems—not least among them uncertainty over future trade patterns.

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Nordic Correspondent

: last six months Fin- p and paper makers n in the position of peering anxiously for which must be just be- horizon but which pears. The elusive recovery, especially ern Europe, which redicted for the and even more autumn, has still not ed. The 15-20 per p in pulp and paper on in Europe, com- by domestic cost in- ad now by monetary s, has played havoc npany finances. No pulp maker will make n 1975 and, although omparisons with the of the 1930s may be d, a real crisis will be f orders do not pick Hopefully—even if lously after previous —industry analysts anticipate a modest improvement next year; the market, they believe, has reached bottom, will slowly recover and should permit a return to a profitable level of production by the second half of next year.

Even so, there is some uncertainty about future consumption patterns, and the Finnish pulp and paper makers are having to deal with national problems, which have shortened their profit margins more than their competitors'. It is being widely said that only devaluation of the Finnmark at some stage will put the industry back on the path to profitability. The timing of a devaluation would be crucial: for with a foreign debt of around Fmks.20bn. (£2.5bn.) and no visible demand on the market, devaluation would for the time being be unthinkable both for the national and the paper-makers' economies.

Within the Finnish pulp and paper industry long-term confidence in the viability of its products is at present mixed with considerable confusion about short-term developments. The shock of the sudden and continuing collapse of the market at the beginning of this year has been all the greater after the boom conditions of 1974, when strong demand and soaring prices produced higher rates of return than the industry had enjoyed for many years. The forestry industry as a whole then contributed some Fmks.10.7bn. to total Finnish exports of nearly Fmks.21bn., with the pulp and paper makers alone accounting for 38 per cent. of national exports — no mean performance for an industry which employs only 50,000 people, including white-collar workers, and a tribute to its efficiency.

During the first seven months of this year exports of paper, paperboard and converted products dropped in volume by 30.8 per cent., or from 2.8m. tons to 1.9m. tons. The value of exports rose by 1.1 per cent. to Fmks.3.37bn., but the big price gains achieved last year are being swiftly eroded by soaring cost increases. Officially, the Finns are maintaining prices on the argument that "you don't gain anything by cutting prices when the demand is not there," but they are alarmed by the fall in paper prices, particularly on the West German market, where sales of some grades have taken place at prices which would barely cover the Finnish mills' pulp costs. In Britain, their biggest market, prices have been more or less maintained, but the Finns have been badly hit by the depreciation in the pound. Price policy is firm in principle, but it is accepted that the current pressures on the companies could force some of them to break the price front, Mr. Lauri Kirves, Managing Director of the Central Association of Finnish Forest Industries, underlines the need to keep the situation under constant review.

Downtime

All the pulp and paper mills have been taking downtime this year, with extensions of regular vacations and the introduction of winter holidays in some cases. Chemical pulp deliveries at the end of the first nine months were over 30 per cent. down on last year, and stocks had risen to 326,000 tons, against 46,000 tons at the beginning of the year. In the board mills, which cannot produce for stocks, total deliveries during the first nine months were 413,000 tons, compared with 730,000 tons for the corresponding period last year; the inflow of new orders averaged between 55 and 60 per cent. of last year's, and few mills had orders for more than ten days ahead. One mill reported that its newsprint stocks were double the level reached in the "normal" year of 1973 and it had closed down one of its machines.

The industry has been trying every twist and turn to avoid lay-offs, knowing that, when the upturn does come, it may not be easy to call back skilled workers. But several managements are now seriously considering "unpaid vacations," and one company reported that it would have to start dismissing staff in January or February if orders had not picked up by then.

The big concerns have substantial hidden assets on their balance sheets and had windfall profits last year. Many mills belong to diversified groups, with production in other fields. Their solidity may not be endangered yet, but the fall in sales income and expensive borrowing to finance stocks and raise working capital is straining their liquidity. The companies have been encouraged by the Bank of Finland to raise short-term loans abroad and some of them have been caught with dollar loans just as the dollar started to appreciate. Now the bank is tightening up on borrowing and, although the bigger, exporting companies will fall within the export-promoting category still able to get permits, some of the smaller mills will be hard pressed.

Intensified

The pressure on pulp and paper companies' finances has been intensified by the inflation Finland has experienced over the past two years. One reasonably typical company calculates that raw materials make up 65 per cent. of its production costs, wages a further 20 per cent. and energy 10 per cent. The stumpage rates—or the prices companies pay for their wood —were nearly doubled last autumn under an agreement designed to keep farmers' incomes in line with industrial workers'. Prices have flattened out somewhat since, with some deals being made at a 20 per cent. discount, but the impact on company costs has scarcely been softened. The Finnish pulp and paper companies, in contrast with the Swedish, own very little forest land in their own right. Moreover, a shortage of raw materials means that they have had to buy some 15-20 per cent. of their logs from the Soviet Union, which negotiates an annual agreement in line with the domestic Finnish prices.

Labour costs are estimated to have risen by about 20 per cent. last year following agreements which left workers with an increase in real incomes after a 17 per cent. rise in the consumer price index. The collective agreements expire in January, negotiations will start this autumn — and another factor of uncertainty must be included in company fluctuations.

It is not surprising that, with such attacks on their costs and profit margins, financial directors are rather gloomily predicting that only a (p operly timed) devaluation of the Finnmark will serve their purposes. It is true that a similar situation last prevailed just before the 1967 devaluation. The alternative would be a large enough increase in sales prices next year. One company calculates that a return to 85 per cent. capacity utilisation and a price increase of around 10 per cent. would see it back into the black. However, the general feeling is that the recovery next year will be gradual rather than explosive, and the existence of large stocks in the bulk p oducts will not favour any substantial price improvements.

The pressure of cost increases on company profitability was illustrated in an article in the Finnboard newsletter earlier this year. A study of the average p ofitability of 12 major Finnish companies, who derive at least half their income from the forestry industry, showed that their average annual ratio of gross profit to sales was 9.7 per cent. in the three years 1971-73. After the collapse of the ma ket this year one company, which aims at a return on invested capital of 10 per cent., anticipates a loss of between 2 and 3 per cent.

Inevitably, managing directors are at present reluctant to discuss investment plans. Another inhibiting factor on investment is the announcement by the Bank of Finland in 1969 that it would not approve financing for new investments that increased the consumption of wood, before the sufficiency of the wood supply had been ensured (the industry's raw material situation is dealt with elsewhere in this survey). Pulp capacity will be increased by a 100,000 tons a year mill next year and by 250,000 tons when the new Metsäbotnia mill starts operating in 1977, but there are very few plans for new paper mills, and roughly half of all new projects have been modernisation investments which do not increase wood consumption.

Processing

The trend is towards a higher level of processing and greater value added. Some manufacturers will continue with newsprint, because of the relative easiness of the bulk product, but to a newspaperman, anxious about future supplies, the Finns always point out that newsprint is unprofitable. Some producers are switching towards the improved newsprint, lightweight coated papers for newspaper and magazine use, which also suits new offset printing techniques. Others, such as the Kymmene group, are increasing production of sheeted paper.

Another consideration for caution over new investment plans is the sheer cost. One financial director reckons that the investment needed for a medium-size pulp mill has risen by a factor of five over the past ten years. New investments should come from profits and sales; as long as the market is uncertain, cash short and borrowing expensive, boards will wait before taking investment decisions.

Some Finnish paper men speculate whether the shake-up in the industrial world brought about by the 1973 oil crisis may fundamentally alter consumption patterns. Consumers, for instance, could start objecting to excessive, costly packaging. Whether or not there is something in this speculation, it is an example of the uncertainty which prevails for the time being among the manufacturers.

Yet the future of the Finnish pulp and paper industry must be assured, because it relies on a renewable raw material, one that with proper management will not be exhausted. It has an ample domestic supply of that material, which will impose limits to the industry's expansion but at the same time provide it with the basis for the continuing development of new products of increasing value. It is also so essential a component of the Finnish economy that its conditions for survival and profit must eventually be met. In the long perspective, therefore, the present slump, worrying as it is, may seem to be no more than a hiccup.

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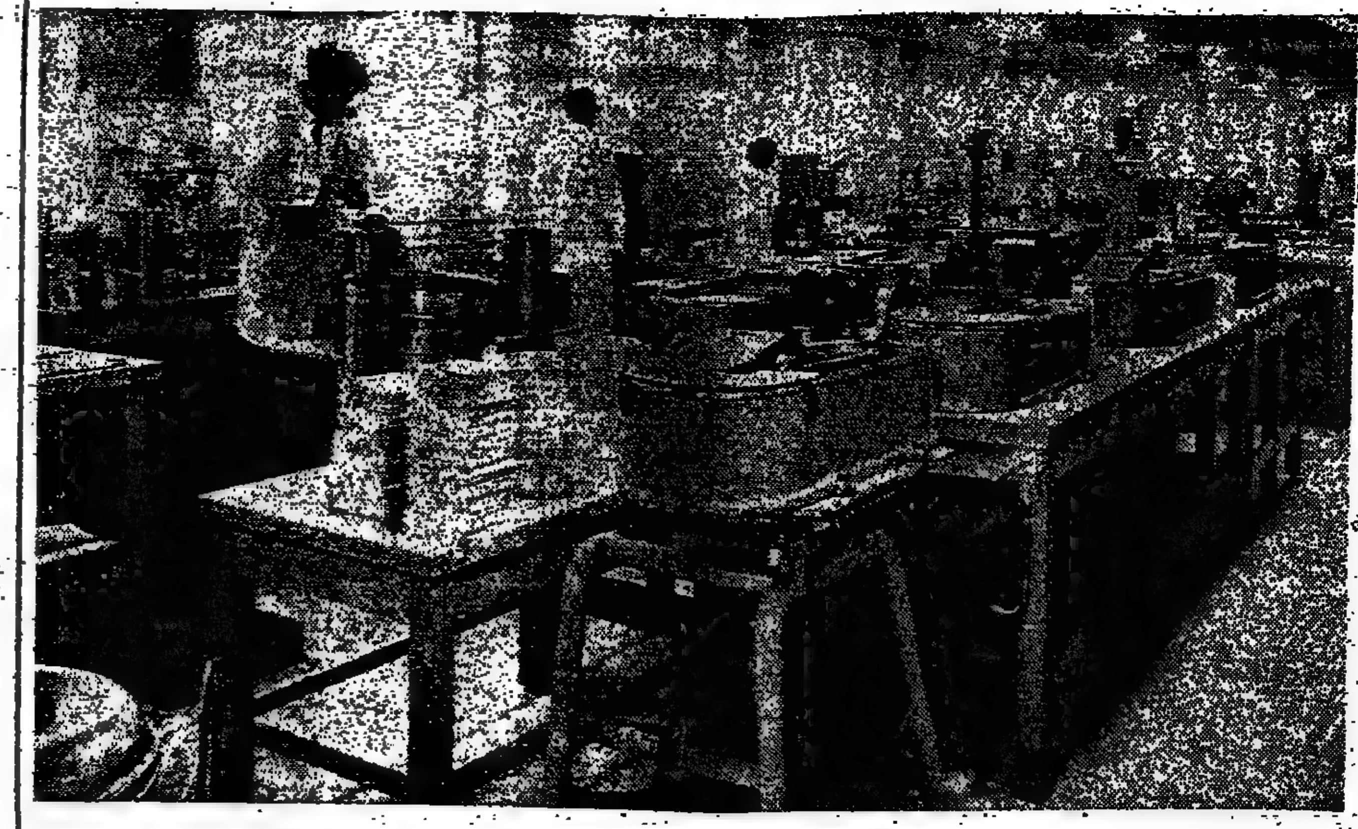

Laboratory pulp beaters at the Finnish Pulp and Paper Research Institute's pilot plant on the outskirts of Helsinki.

Research aimed at cost savings

THE THREAT of dwindling wood raw material supplies, rising raw material and processing costs, environmental factors, etc., have intensified the search for new methods and inventions in the forest industry sector. The production structure of the mills is changing as researchers produce new and cost-saving solutions. The research and development work in this sector is done by a broad range of specialists, from foresters and engineers to pulp and paper scientists.

In Finland, pulp and paper R and D is concentrated at two levels: the individual company laboratories and pilot plants; and the Finnish Pulp and Paper Research Institute. Some of the bigger companies have sizeable research facilities of their own and have produced solutions and inventions of considerable commercial importance. The emphasis here, however, will be on the Finnish Pulp and Paper Research Institute, which works for the entire industry and enjoys a high international reputation.

Anniversary

The Institute, which will celebrate its 60th anniversary next year, is maintained by the Finnish pulp, paper and board industry. Its premises on the periphery of Helsinki include a pilot plant which is, in fact, a miniature integrated wood processing mill that can manufacture paper from wood, convert both paper and board, and investigate the printability of paper on a laboratory scale. Its staff in 1975 numbered 270, of which 85 were graduates of natural or technical sciences.

The Institute is a non-profit establishment. Its 1975 budget is balanced at F.mks.19m. (£2.4m.). Contract research for industry and for the Ministry of Trade and Industry will bring in F.mks.3.5m. and F.mks.0.5m. respectively. The rest of the income required will come from the forest industry. Thus, the Institute is no charge on the tax-payer.

A good example of the close co-operation between the two R and D levels is lightweight newsprint, which is now being manufactured and used in increasing quantities as one way of saving raw materials and cutting costs in the newspaper business. It was the mills that took the initiative in developing the mechanical pulp which is needed for this quality of newsprint. One of the first in the field was A. Ahlströms Warkaus mill which uses a mixture of stone groundwood and chemical pulp. The Institute ran laboratory tests on the pulp qualities.

The standard weight for newsprint used to be 52 g/sq.m. This was reduced first to 48 and then to 45 g/sq.m., which obviously gives a lot more paper per ton. The thinner paper gives better formation on the machine, print-through is no problem and the press runability is no worse than with the thicker quality—indeed, it has performed surprisingly well as regards the occurrence of breaks. The lowest weight may not have been reached yet. In fact, in September United Paper Mills' Kaipola mill succeeded in making 40 g/sq.m. paper out of 100 per cent. thermomechanical pulp (TMP). One of the current research projects in the Institute is to investigate the feasibility of even lighter weight paper.

New pulping processes already in use and under development will help this and other papermaking solutions. The use of refiner mechanical pulp—pulp made from chips and mill and other residues—started about ten years ago. This gives pulp yields of almost 100 per cent., plus higher strength properties than stone ground pulp. The newest technique is thermomechanical pulp, a relatively old invention that has been "rediscovered" fairly recently. The first plant in Finland to switch to TMP was the Kaipola mill of United Paper Mills. Its own engineering works built the Jylhä disc refiners. As a result of Finnish-American co-operation, Enso-Gutzeit Oy manufactures the Enso-Bauer TMP refiner. The Institute is currently building a TMP unit in its pilot plant. Its next problem in this field will be to explore the extent to which TMP can be used in most paper qualities.

Residues

The foresters and engineers are coming up with increasingly practical solutions for harvesting what has until recently been regarded as waste—the branch, stump and root residues left in the forest to rot. This has set the Institute another range of problems, testing the qualities of the pulps that can be made from these residues. The use of stump wood has been investigated more thoroughly in Finland than anywhere else in the world, and Joutseno-Pulp Oy is already using pulp made from stump wood, albeit as a small admixture with other pulp qualities.

Improving the yield of pulp mill processes has been under study for a long time. Oxygen bleaching is under very careful investigation, but the Institute has concluded that the technology and the machinery required must be developed further before the process is economically feasible. "The dream of pulpmakers," says Professor Jensen, the managing director of the Instit[ute ...] make chemical pulp using any sulphur or [...] It can be done w[ith] oxygen lignification, [...] economic and qualit[y ...] have not been solved.

The Institute has [...] or worked on what a[...] layman more esoteric [...] not ordinarily associ[ated ...] the pulp and paper [...] Financed by eigh[t ...] industry companies [...] Ministry of Trade and [...] the Institute devel[oped ...] Pekilo process for [...] protein from the sp[ent ...] of sulphite pulpmaki[ng ...] R and D work took [...] but now United Paper [...] a Pekilo plant in [...] which will be tur[ning ...] 10,000 tons of prote[in ...] when it reaches full [...] Tampella Oy has t[...] facturing and market[ing ...] to the process.

The Sini viscose pr[ocess ...] loped by the Inst[itute ...] already been licensed [...] and abroad. This invol[ves ...] steeping in lye of vis[...] which saves 20-30 pe[r ...] the consumption of [...] and creates less air [...] The Institute expend[s ...] cent. of its total [...] capacity on envi[ronmental] protection.

A final example [...] technological progres[s ...] field at the company [...] furfural process inv[...] W. Rosenlew and C[...] forest industry and e[...] corporation. It uses [...] chips for the process, [...] the first company in [...] show an interest in [...] utilisation. Rosenlew [...] several furfural [...] foreign clients.

Lance Ke[...]
Helsinki Corr[...]

Valuable exports of technical know-how

EXPORT OF Finnish know-how in pulp and paper manufacturing and in forestry activities generally is substantial and adds up to a significant foreign currency revenue. It is difficult to quantify because of the various forms exports take—adaptation by a manufacturer of a paper machine to make newsprint from a new fibre, development by the Central Research Laboratory of new pulping processes to meet the needs of foreign customers or direct consulting assignments from international organisations — but the list is impressive. Overshadowing them all, perhaps unfairly, is one company, Jaakko Pöyry, which over the last 17 years has grown from a two-man, home-based business into the biggest consulting agency in the world specialising in the forest industry.

The adaptation of machinery to new fibres is something of a Finnish speciality, even if competitors have now appeared in the field. In 1974 Valmet delivered a newsprint machine to Papel Prensa in Argentina to run on a mixture of a short fibre from local, fast-growing willow and long-fibre Chilean wood. The deal was only fixed after wood had been imported from both Argentina and Chile, laboratory tests carried out, a suitable pulp cocktail produced and newsprint reels made from the pulp returned to Argentina for testing.

Valmet, Enso-Gutzeit, Rauma Repola and the industry's Central Research Laboratory have co-operated in a similar process to develop paper-making plant using bagasse, the sticky, sugar-cane fibre. Next year Valmet will deliver the first paper machine using bagasse to Peru, designed to a wire width of 340 inches and a speed of 1,000 mpm. Some Finnish experts calculate that it will eventually be possible to make about 80m. tons of pulp a year from bagasse, with India as one of the principal markets. So far the market for paper machines has not developed, but the Finns are negotiating for four or five based on a mixture of bagasse and groundwood. They are also trying to develop a new method of treating the cane, when it is pressed for sugar, in order to preserve the fibre in better condition.

This type of know-how is linked with the export of Finnish machinery which it facilitates. Jaakko Pöyry and Company has a different, customer-orientated approach and its executives emphasise the company's complete independence in choosing equipment for the projects it designs and supervises. "We are not out to export Finnish or Scandinavian techniques to the rest of the world. We are out to employ the best techniques available," Jaakko Pöyry says. Nevertheless, Pöyry's company has been a means of exporting Finnish concepts and ideas world-wide.

Skilled

With hindsight it can be seen that its success was due to the way in which it spotted and responded to the needs of an expanding forestry industry. It was ready for the investment boom in Scandinavian pulp and paper in the 1960s, when investment decisions were being taken on an increasingly sophisticated basis, calling for a thorough knowledge of the business and the market. Machinery manufacturers could install their equipment and train operators, but the success of a new investment depended more and more on project control by skilled engineers.

As the Scandinavian boom tapered off, Pöyry moved into the world market just as a variety of international finance and aid organisations were pumping finance into industrial developments in third world countries. This aid was in nearly every case dependent on the submission of a reliable, detailed feasibility study and some guarantee that the funds extended would be used. From these two emerged the two main [...] of the company, [...] development and i[nvestment] planning, the other [...] plete engineering an[d] implementation. Engi[neering is] still the main operatio[n ...] division employs s[...] people. The studies [...] employs only 50, but [...] frequently opens the [...] the engineering side a[...] mated to account for [...] cent. of total compa[...] tions.

In September Jaak[ko Pöyry] and Company inaugurated its new of[fices] just north of Helsinki, [...] most of the 600 Finn[ish] staff. The company now [...] nearly 900 people, 200 [...] in São Paulo, Brazil, [...] working on about 30 m[...] jects throughout the w[orld ...] a capital value of $2b[n ...] fees range between 2 [...] per cent. of the total in[...] on any one project, [...] out at around 5 per cen[t ...] size of the business is [...] Jaakko Pöyry became [...] stock company in 1973 [...] the fiscal year ending [...] 1974, the income of th[e] company (excluding [...] diaries in Sweden an[d ...] from sales of servi[ces ...] $7.2m., producing an

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Pollution: prevention rather than cure

On October 6 the Finnish, Norwegian and Swedish forestry industries announced that they were starting a £1.25m. co-operation project, to be known at Nordmiljo 80, to develop jointly systems and equipment which would both simplify production and meet anti-pollution obligations. The aim is prevention rather than cure. New process control systems would reduce the demand on external pollution cleaning through more efficient control of both the raw materials and additives used. In principle the programme will entail the extension of EDP technology, already widely used in pulp and paper production, to environmental protection. It is hoped to develop EDP systems equipped with better measuring techniques and warning devices.

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Simo Jaatinen, Director
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s but would confine its support "to making financial arrangements."

A survey of investments made up to June this year showed that they were already about 20 per cent. below the level called for in the programme drawn up by the National Water Board. This set targets for the pulp and paper industry, entailing a drop in the discharge of suspended solids into watercourses by 80 per cent., or from an estimated 300,000 tons a year to 80,000 tons a year, by 1980. The biological oxygen demand, BOD7, was to be reduced by half from 1,300 tons a day to 600 tons a day. In addition, companies were expected to shut down sulphite mills and to shift to the sulphate process.

A substantial part of this programme has been carried out, in particular in the discharge of suspended solids, which was cut back by some 39 per cent. in 1973 and 1974. On the other hand, early this year the Government produced an economic retrenchment programme, necessitated by the swiftly growing deficit on the payments balance, which specifically stated that it would postpone any investment not immediately serving production. Detailed plans to cut back investments were to be drawn up, including those for pollution control. This line was reinforced by the severely restrictive monetary measures announced by the Bank of Finland in September.

The Ministry of Agriculture set up a special committee to determine how far investments in pollution control could be cut back without bringing the process to a dangerous halt. It discovered that many projects had already been started and had reached a stage at which it would be economic nonsense to suspend them. This was true for nearly all the investments planned to be executed by the end of 1976 and postponement could reasonably be considered only for measures with later target dates. The committee, therefore, recommended that industrial pollution control investments should be kept approximately at the level already reached, sidestepping the question of whether the Government should implement the promise of loan support already given but not met. The Finance Ministry rather obviously does not want to spend money on environmental matters for the time being.

Dispute

The companies, whose own finances are badly strained by the collapse of the paper market, would be only too pleased to postpone non-productive investments but the future of many of the existing pulp mills will be linked with pollution control. Two small sulphite mills have closed down. Five others have already started, or announced plans to convert production to kraft pulp. The remaining sulphite mills, some ten in number, are now likely to be in a state of continuous dispute with the authorities about the pace of pollution control implementation. To say the least, there is considerable uncertainty both about enforcement of pollution control and about ways of raising the cash to carry out control projects.

The pulp and paper companies have been hoping that the World Bank loan for water protection, which Finland has been negotiating since 1972, would provide some cash and also stimulate Government support. The IBRD and the Mortgage Bank of Finland finally signed a contract for a $20m. loan in May, but the companies have so far felt no tangible effects. Under the loan contract they have to submit schemes for approval to the National Water Board, which sends them on to the World Bank for examination, but in comparison with a total programmed expenditure of $520m., the $20m. loan will not go far and will still have to be accompanied by substantial loan support from the Finnish Government.

The World Bank loan contract imposes a research and development obligation under which the National Water Board has to undertake research into the efficiency of Finnish water protection measures. This will later be used by the World Bank to plan and finance similar programmes in the developing countries. A similar condition was attached to an earlier $20m. World Bank loan for Finnish re-afforestation—the so-called Mera programme.

Protection measures in Finland have concentrated on water because air pollution is considered to be a relatively minor problem. There is no law on air pollution as yet, although a Bill is expected to be submitted to Parliament before long and could become effective some time in 1977. A recent survey covering 62 per cent. of Finnish industry indicated that about 386,000 tons of sulphur dioxide were emitted. Up to May this year industry as a whole had invested Fmks.229m. in air protection and was scheduled to spend a further Fmks. 200m. in the next few years, of which Fmks.110m. would be spent by the forestry industry. Future measures will concentrate on prevention rather than on the treatment of emissions.

The lakes and rivers, however, cover some 10 per cent. of the surface of Finland (forest accounts for about 70 per cent.). The lakes, moreover, are shallow with an average depth of about seven metres and are quickly eutrophied. The high humus content gives the water its brownish colour and the mineral salt content is low. The ice cover during the long winters prevents the natural oxygen replenishment of the water and, as precipitation comes in the form of snow, the amount of water in the lakes and rivers is reduced, limiting further their capacity to take effluents. All these factors mean that Finland's inland waters are particularly susceptible to pollution.

It has been estimated that about 15 per cent. of these inland waters are either polluted or very likely to become polluted unless effective anti-pollution measures are taken. These waters are found in the south and west, where the population density is highest and lakes and rivers less bountiful. About half the Finns live near water which is either polluted or in danger of becoming polluted.

Cleaner

The wood-processing industry, which operates at 57 different places, is by far the greatest user of water and, as far as organic matter is concerned, the chief polluter of Finnish watercourses has been the chemical pulp industry. However, all sulphite mills now burn their waste liquor, and changes to the internal water economy of the mills and direct protection measures have already produced appreciable improvements. The expansion of the industry over the past few years has not brought about a corresponding increase in the pollution load and the rivers used by the mills are already much cleaner in many instances.

The pulp and paper industry is by no means opposed to pollution control — the switch from sulphite to sulphate production, for instance, is in line with customer demand—and some of the most enthusiastic proponents of environmental improvements are to be found among the experts employed by it. All the mills can be expected to continue to improve pollution control in their own self-interest, but the present state of both company and State finances implies that there will be a considerable delay in implementing the National Water Board's ten-year plan.

W.D.

echnical know-how

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Strol company it is participating as sub-consultant on the Svetegorsk pulp and paper mill project, carrying out surveys on time-scheduling and work organisation.

Speciality

A Pöyry speciality is the overall study for a national forestry industry of the kind it has carried out in Nigeria and Malawi and is now undertaking for Zambia and Tanzania. In June the Iranian Government commissioned Pöyry to draw up a master plan for the management of the Caspian forests and a long-term development plan for industries to be based on the forests. At the same time Pöyry is acting as a sub-consultant to the Bowaters Corporation on a development plan for an Iranian pulp and paper industry. In Canada Pöyry evaluated the forest resources of British Columbia and produced an analysis of potential forest products for the Department of Lands, Forests and Water Resources. Last year it was commissioned by FAO and UNDP to do a pre-feasibility study of wood-based panel industries for South-East Asia.

Pöyry's credentials have also been recognised in Britain, where it has investigated alternatives for forestry industry development for the Forestry Commission. Pöyry found that the present British planting programme could give a fantastic increase in the allowable cut by 1990 and plumped for pulp as the best product, while recognising that there could be powerful competition pricewise from the saw mills. The British subsidiary it established last year at Sidcup, however, is aimed more at getting consulting work in the Commonwealth and former British colonies than at the home market, just as the French subsidiary it is setting up this autumn is intended to add a French-speaking cadre to the international services on offer.

Pöyry's advisory work is backed by an information centre and extensive computer resources at its Helsinki headquarters, including a paper machine data bank and a pulp mill inventory, but the company's bread-and-butter work remains its project engineering and implementation management, mostly in expansion and rebuilding operations by Finnish and Swedish mills. In this field, however, the most spectacular of its recent operations has been its consultancy work on a 400,000-tons bleached kraft pulp mill for Aracruz Celulose S.A. in Brazil, the biggest pulp mill ever built in one stage. It is based on eucalyptus plantations and Pöyry's work encompassed a feasibility study, the complete engineering for the mill and the planning of the infrastructure, including a residential area and harbour.

If Pöyry dominates, Finnish pulp and paper know-how has had spin-offs in other Finnish consulting companies, such as Ekono, which has a wider engineering range, and Thomesto, a smaller company specialising in forestry consulting.

W.D.

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FINNISH PULP AND PAPER IV

Long-term prospects look better

THIS YEAR has been a bad one for the Finnish paper, pulp and paperboard industries, just about as bad as 1974 was for the mechanical wood working branch. Never since World War II has there been a depression so deep and so prolonged for the Finnish forest industry. Indeed, in introducing the 1976 Budget Prime Minister Keijo Liinamaa said: "Exports of forest industry products have contracted downright catastrophically."

However, there is a general feeling in the industry now that the worst may be over fairly soon. It seems to be accepted that the long-awaited cyclical upturn in the market economy countries will start around the middle of 1976, bringing some revival of demand for Finnish forest industry products. But no one is under the delusion that the recovery will be anything but a slow, long grind.

Ordinarily, the paper world has fairly accurate estimates of future prospects at its disposal. But the continuing uncertainty at home and abroad makes even short-term forecasting more difficult than usual. Stocks held in the main buyer countries can to some extent be divined, though even that is puzzling the experts in some branches just now. The current domestic production of these countries is known fairly accurately.

THE PROBLEM IN A NUTSHELL

Exports of Finnish pulp and paper products—January-July, 1974-75

	Volume (tons) 1974	1975	Change %	Value (000 F.mks.) 1974	1975	Cha
Mechanical pulp	19,186	9,454	−50.7	9,804	8,208	−
Chemical pulp	773,062	615,400	−20.4	689,369	900,517	+
Paper, of which	1,873,788	1,354,569	−27.7	2,103,151	2,139,614	+
newsprint	663,587	460,572	−30.6	580,494	596,147	+
printing and writing	879,141	667,310	−24.1	1,020,084	1,015,964	−
kraft paper	178,706	119,385	−33.2	238,775	242,341	+
other paper	152,354	107,302	−29.6	263,798	285,162	+
Paperboard	746,631	387,109	−48.2	810,650	617,190	−
Converted paper and paperboard products	206,395	214,989	+4.2	421,201	616,048	+
Paper, paperboard and converted products	2,826,814	1,956,667	−30.8	3,335,002	[illegible]	+

Source: Central Association of Finnish Forest Industries.

Estimate

What is needed is a new estimate of the consumption in the next year or two of paper, paperboard and pulp in the main markets for Finland—in other words in Western Europe, which takes some two-thirds of Finnish forest industry exports. The oil crisis and steep rise in raw material and other costs have evidently led to more economic use of resources and materials everywhere. Until the permanency of these economies can be assessed. The old consumption estimates must be revised fairly sharply downwards. Each of the three main branches of the woodworking industry under examination here—paper, paperboard and pulp—has its own special problems. Each has its own central trade and sales organisation with staffs whose long experience makes them experts in "feeling the market climate." This report is a summary of their impressions in the middle of October, 1975.

Finnpap, the Finnish Paper Mills' Association, foresees hardly any improvement until the latter half of 1976. Newsprint mills have had to shut down for 7 to 8 eight weeks on average this year, and machines producing higher quality grades have had even longer downtime. Paper manufacturers may have to accept downtime in the first half of 1976. Paper consumption in the main buyer countries is estimated to be 10-20 per cent. off the 1974 level.

But the long-term prospect for paper is good and there will be some new capacity to meet additional demand. Finnish companies will have added some 150,000 tonnes/year to their production capacity by the end of 1975. But there is uncertainty about the implementation of new investments planned for 1977.

Finnboard, the Finnish Board Mills Association, has a problem that does not affect newsprint and pulp manufacturers to the same extent. While the latter can up to a point produce for stock to keep the machines running, and retain their skilled labour, board products tend to be "tailor-made" to the specifications of the client.

Measured in production-days, Finnish Board Mills have lost about 40 per cent. of their potential volume performance this year. Mr. Boris Grönhagen, managing director of Finnboard, confesses that he is mystified: "the development this year has been absolutely unique. I have never experienced such a drastic change in such a short time."

However, Finnboard is convinced that the stocks in the buyer countries must be running down by now, and it expects a slow recovery to start within this year. The board industry is not planning to make any new capacity investments until 1979 at the earliest. Finnish Board Mills are on the whole new and modern, and in any case world board capacity is sufficient to supply the demand for the rest of this decade.

Cyclical

Scandinavian pulp exports seem to make news at cyclical intervals. This is when West European buyers complain that Scandinavian pulpmakers are holding back on sales in order to boost their paper exports. Mr. Lars Londen, managing director of Finncell, the central association of the pulp industry, says that Finland will be exporting up to 1m. tons of standard paper pulp a year until at least 1980. Currently, the pulp branch also has to produce for stock. Mills are now holding 328,000 tons in inventories, compared with 46,000 tons at the beginning of the year. This is just about their limit.

Apart from the slump, the reason for the decline in Finnish pulp in 1975 is that West Eu buyers turned to North can suppliers. This wa because they feared th Scandinavian suppliers not meet their requir and because the wea dollar affected the Scandi North American price ra favourably. Finncell ex gradual recovery next ye probably not to full pro capacity.

It is interesting that world's pulpmakers, Fin practically the only on has additional capacity into production in th future: 100,000 tons in largement project in 19 250,000 tons in a bran mill in 1977.

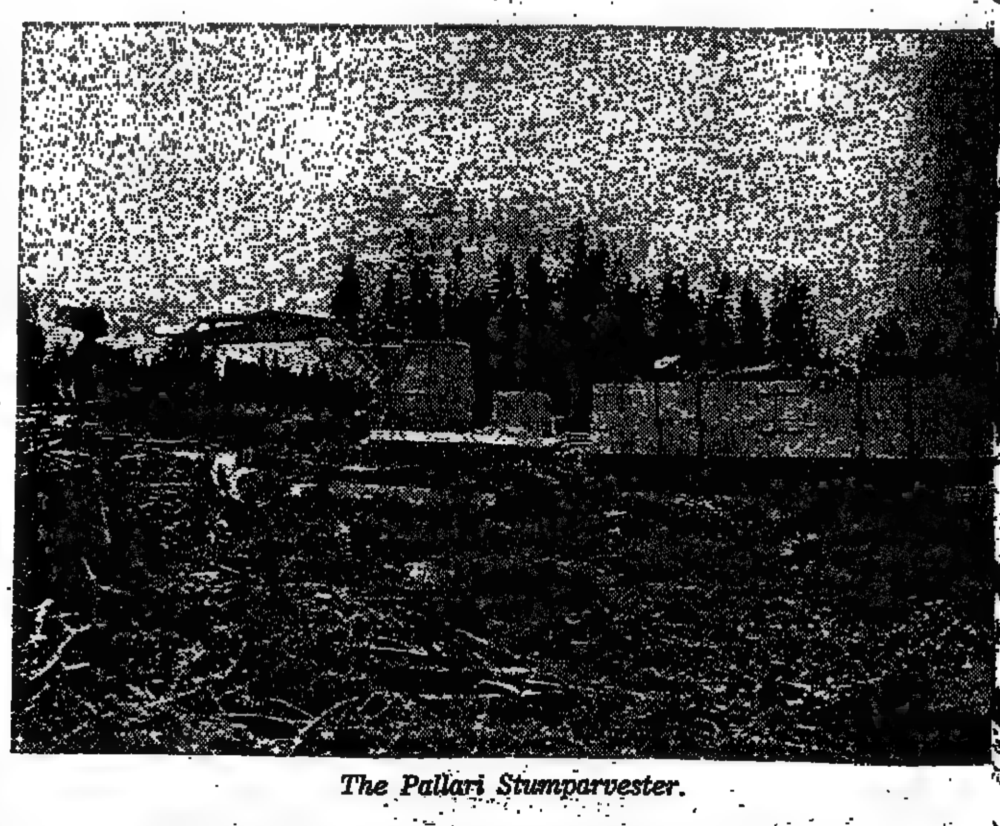
With the dollar has again, Finnish paper, board and pulp manufa are in a better positio they were a few mont But this is no final s Cost levels have risen too, and the new price the finished products m held, if not raised.

If markets really colla prices for these p plummet, it would see the only solution for would be yet another tion of the Finnmark. of the size of Finland's indebtedness, that woul drastic solution indeed.

Raw material reserve must be protected

FORESTS ARE economically more important in Finland than in perhaps any other industrialised country. They are still the base of 50 per cent. of the country's export earnings. Thus, continued economic growth is closely linked to the expansion of wood-based production, the manufacture of pulp, paper, board and converted products. This presupposes a secure supply of wood raw material, a problem to which Finnish foresters have been devoting intense attention in the past few years.

The near-explosive expansion of the Finnish forest industry since the war, and especially in the 1960s, raised the demand for wood to record proportions. This increased requirement was met without jeopardising the sustained yield of the forests in three main ways: reducing the use of wood for fuel; importing roundwood from the neighbouring Soviet Union; and using the industrial waste from sawmills and plywood mills as raw material for the pulp, fibreboard and particle board industries.



The Pallari Stumparvester.

As a base for further expansion, these sources are now practically exhausted. Of course, silviculture, forest fertilisation, drainage of land suitable for forestation, and tree breeding will in time provide the forest industry with considerable scope for enlarging its production. But this will take decades. In the more immediate future, the last great wood raw material reserve is the waste—branches, stumps and roots, and small-sized trees—that is left in the forest to rot.

Finland has watched its forest resources zealously by taking regular national forest inventories for over half a century—longer than any other country. By international standards, the proportion of wood recovered from the forest in Finland is exceptionally high. Yet a staggering amount of residue is left—or has been left until now—to rot in the forest. "waste" that is usable for pulp, paper and board making provided that economic solutions can be found for harvesting it. In terms of million dry tons of wood, only 58 per cent. of the annual cut, if bark is included, is harvested. To repeat, this is in Finland, a country known for its effective utilisation of wood.

Stump

These statistics can be expressed in terms more understandable to the man who has not immersed himself in forestry. The stump and root wood that is already technically harvestable for the forests and swamps corresponds to an annual production of 300,000 tons of sulphate pulp, 10 per cent. more than the current output. Put in another way, one dry ton of stump-root wood yields 0.45 tons of pulp, and one dry ton of branches yields 0.2 tons of pulp.

The fibre raw material is there. The problem is to get it out of the forest (and swamp) to the mill at a cost that is commercially acceptable. This is the core of the intensive research being conducted at the Department of Technology of the Forest Research Institute of Finland. Professor Pentti Hakkila, the head of the department, divides the work into three main areas: stump-root systems, branches and tops, and whole-tree utilisation. The last of these is not strictly a "waste" problem, but one of using small-sized trees and, in time, mini-rotation trees, trees of bush size which are economically worth harv when they are too sma processing by current me cal means.

Finland leads the wor the work of stump-root sy: A Finnish company, Jou Pulp Oy, is the first in the actually to be exploiting underground reserve of stumps and roots, thoug stumps are being used minor scale in some cou for chemical extraction. big problems have beer heavy machinery required stones and sand in the extr material (which blunt ord knives) and cutting the ma into transportable form and large, these problems been solved. Finland developed a monstrous ma called the Pallari St

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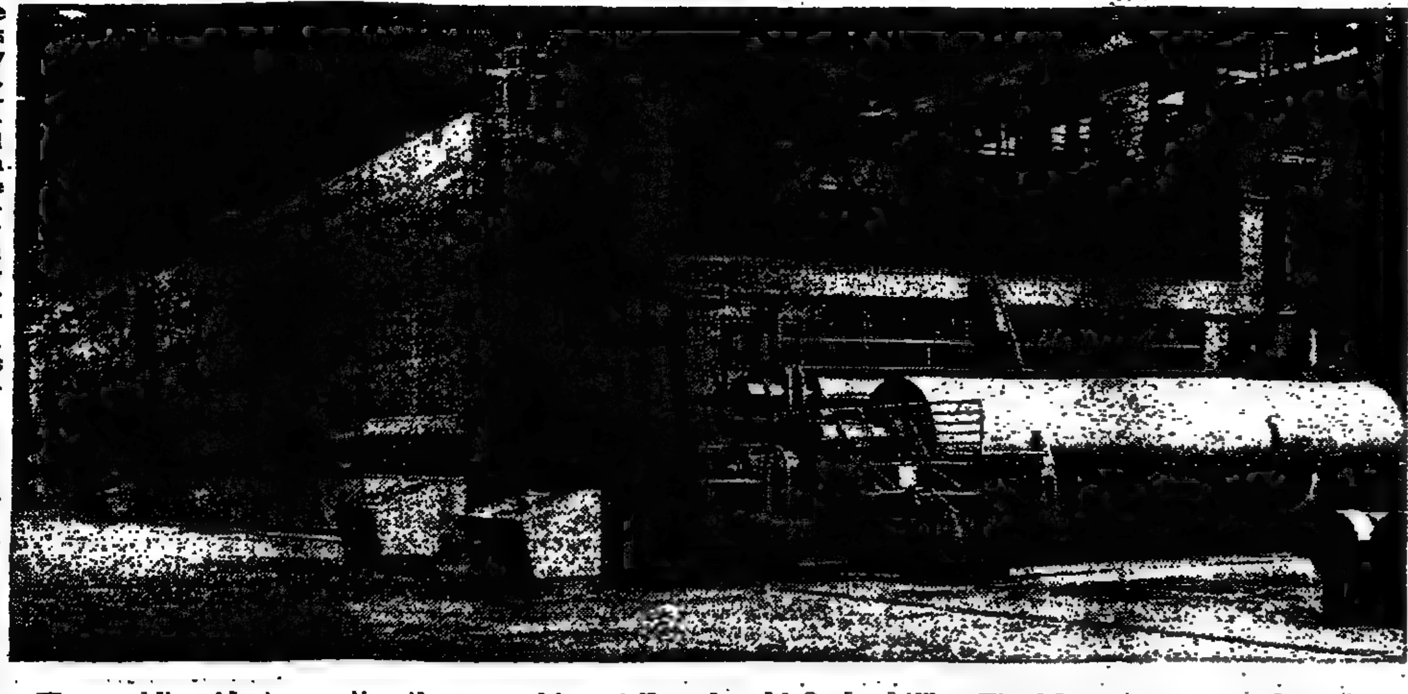
Valuable machinery earnings

:PTEMBER three of the ig Finnish manufacturers oer and pulp machinery shed a joint marketing, and research organisa- ith the aim of co-ordinat- unufacturing research and me planning. It is a sign times, because while the have developed a remark- uccessful expertise over t 25 years, high domestic creases and a temporarily ng market call for dinary exertions, if they maintain their position. lan quickly maturing is blish a new manufactur- e in Brazil.

e five-year period from 1974, the four Finnish ies supplied 15 per cent. world pulp and paper e capacity. This was ent to only some 4 or cent. of the number of achines produced, under- he Finnish specialisation a-large equipment. Val- or instance, delivered a aper machine with the wire width in the world Continental Can Company and is well known for its wsprint machines.



The world's widest capacitor tissue machine at Terrakoski Osakeyhtiö, a Finnish company manufacturing special papers. It was made by A. Ahlström Osakeyhtiö.

rts of pulp and paper ery over the five years worth Fmks.1.3bn.) and are expected to about Fmks.440m. this it hitherto the home pulp per industry has taken 40 and 50 per cent. of tal production. The of Finnish fibre es can be expected to e domestic market for ry in the future, so that nish manufacturers will expand abroad. They ke about ten machines nd have orders in hand ht, supplemented by a able number of sation jobs. Thus, their m situation is reason- od, but current orders out early in 1977 and, ction times extend from ths to two years, they ed new export orders ickly.

ngboard

springboard for the manufacturers after the the East bloc countries, Poland and then in- ly the Soviet Union. As pertise has grown, the and Scandinavian as supplied most orders Tampella has found a rket in North America kraftliner, board and equipment.

t, Tampella and Wärt- the three companies TVW Marketing, the rganisation. Ahlström, ecialises in pulp manu- machinery and pumps, many years co-operated Swedish Johnson group Norwegian Kvaerner the Kamyr organisa- her Finnish concerns, the State-owned Enso- United Paper Mills and Repola, are involved in ry manufacture for the dustry, mainly in stock- ion equipment. The jor producers are con- glomerates, diversifying into other areas, mainly engineering, shipbuilding and papermaking.

Rationalisation of its three parents' production will be one main target for TVW Marketing. Although the three companies have had an agreement since 1969 not to poach on another's particular preserves with Valmet specialising in fine and high-speed printing paper machinery, Tampella in board and liner and Wärtsilä concentrating on winders and coaters, there is still too much overlapping. Mr. Ahto Rissa, the new boss of TVW Marketing, will chair four committees—on design, manufacturing, research and development and marketing—established to co-ordinate production.

Cost-cutting is essential if the Finns are to remain competitive, and the designers will aim at producing cheaper machinery, a difficult task when machines are increasing in both size and speed. One possibility mooted by Mr. Rissa is to do away with expensive machine rooms. Valmet has already developed a new drive system with a built-in gear and electric meter attached, which avoids intermediate shafts and couplings, and thus obviates the need for a special drive room. This development is likely to be incorporated in a new, lightweight newsprint machine, for which Valmet can be expected shortly to announce an order.

The standardisation of components is another aim of TVW Marketing. Papermaking machinery is traditionally tailor-made, but the Beloit group has been able to increase the content of standardised parts in its equipment and the Finns now hope to follow suit. Valmet and Tampella will increasingly use the same parts and drawings.

New markets are essential and the Finns have their eyes on South America. Valmet has already bought a site near São Paolo and is negotiating with a local engineering company on a joint paper machinery manufacturing plant. Valmet has a *successful tractor factory in* Brazil, but the decision to set up there in paper machinery production may have been prompted by the loss of an order from the Swedish Holmens Bruk to the West German Voitk concern. Voitk won, according to Valmet, because it was able to produce one-third of the new machine in Brazil with cheaper labour costs and also to offer better export credit terms on the Brazilian parts. Valmet gained *some compensation in June by* winning an order worth DM65m. from Nordland Papier GmbH for a writing and printing paper machine to be delivered in 1977.

The Finnish group is also looking at South-East Asia as a potential new market, although demand there is for smaller, universal equipment rather than for the large-scale machinery in which the Finns specialise. A straw in the wind, however, may have been the recent mutual licensing agree*ment between the Finns and* Bruderhaus GmbH, which produces equipment to a smaller scale.

Biggest

The Ahlström engineering division specialises in pulp producing plant, boilers and steel pumps and is also the biggest manufacturer in Europe of screen plates. It has produced six big pulp-drying machines in the past two years. Its diversity in the pulp and paper field has probably placed it in a slightly better position than the other Finnish companies, with an order stock some 60 per cent. higher in value than a year ago after a 20 per cent. rise in the machinery section of the wholesale price index.

Orders in hand for pulp machinery are worth some Fmks.290m., and Ahlström has about two years' work in hand on average for its workshops. Most of its latest orders, however, have been relatively small *modernisation jobs, although at* the end of September Kamyr, the organisation in which Ahlström's Karhula works cooperates with Karlstad of Sweden and Myrens of Norway, announced a contract worth about £1.1m. for the delivery of a complete fibre line to a future pulp mill being built by the Brazilian Aracruz Cellulose SA.

Like his colleagues in the paper-machinery group, however, Ahlström's engineering director Kai Hypen has his eyes on the giant Soviet Jenesei project, where equipment will be needed for pulp mills with a capacity of 600,000 tons a year and where orders will be going for four paper machines. The Finnish Press reported recently that the Russians were ready to sign a contract with the International Paper Company, but Finnish consultant Jaakko Poyry believes his company can still be taken on as a consulting partner, and the Finnish companies are still discussing the project with the Russians.

Mr. Hypen points out, however, that the Finnish pulp and paper machinery manufacturers have had their competitive edge blunted, for the time being, at least, by the rise in domestic labour costs, which reached a peak of just over 20 per cent. last year. No amount of internal rationalisation can compensate for cost rises of this swiftness.

The Finns also feel at a disadvantage in offering the credit terms which are becoming increasingly commonplace as the size of paper-making projects grows. Both their own resources and the Finnish Government backing are strictly limited, while credits for projects in developing countries are becoming more and more "political" in nature. If this process continues, the Finns feel, they could find themselves limited to the wealthier but more limited markets of the industrialised or oil-producing countries, such as Iran.

However, the close cooperation with the Finnish paper makers (Tampella and Ahlström have their own mills), which has been the real secret of the machinery makers' success, remains and continues to spawn technical developments, such as Tam*pella's heat recovery system* and vacuum formers, which are now made under licence in Japan. Valmet produced the twin-wire concept for magazine printing paper machinery and its own symmetrical drainage system. It has sold to U.S. manufacturers suction rolls with holes punched by new gun-type drilling equipment. Ahlström has been doing production line tests on a new headbox, given the trademark Formflow, which is said to reduce the wire *section to one-third* and achieves a new high consistency.

These developments underline the Finns' technical competence in paper machinery manufacture. When this is *allied with their proven ability* to produce the large high-speed machines which are increasingly in demand, it is difficult to see them allowing their current cost and financial problems to deprive them of their front-rank position in the field and of a valuable currency earner.

W. D.

Material

CONTINUED FROM PREVIOUS PAGE

arvester which plucks the stumps complete with roots out of the ground. Joutseno-Pulp processes the stump and root wood in ordinary stone crush*ing machines used for road* building. The chips are then washed with water and the residual sand and dust is screened out.

Professor Hakkila emphasises that no pulp mill can base its production solely on stump and root wood. But up to, say, 10 per cent. of the raw material needed for sulphate pulp cooking can be this kind of wood without creating any quality or technical problems. An incidental bonus from the use of stump and root wood is the high *yield of by-products*, tall oil and turpentine. And, of course, land that has been cleared of stumps and roots is easier and cheaper to reforest.

The problem of utilising branch wood and the so far unmerchantable top of the tree has not been solved anywhere yet, but the Department of Technology has it under intensive investigation. The wood content of branches and tops is low, yet together they constitute the largest unutilised item of the country's wood reserves, over 8m. dry tons/year. The main difficulty is to keep logging costs down. What is needed is a chipper small enough to be moved around in the forest, but big enough to take the bulky branches.

Solved

In the third research area, the use of the whole tree, much *of the harvesting technology* has been solved. Professor Hakkila says that whole-tree chipping is a revolutionary change in the technology of harvesting small-sized wood raw material. "It may even become the most remarkable event of this decade in timber harvesting and utilisation." North America, where more than 300 sturdy whole-tree chippers are already at work, has led the way. Europe is two or three years behind, but *Finland is the most advanced* country in Europe in this respect. Reducing the manpower requirement ranks equal to increasing the raw material supply in this area. The bottleneck in the forest to-day is machines to fell the small trees and bunch them. At the mill there are technical problems: the small twigs from the whole tree tend to clog the chip screen, and the bark content of the chips is for pulping a little too high—at least one-half of the bark must be removed.

Oy Rosenlew Ab's furfural mill is the first factory in Europe to use 100 per cent. whole-tree chips. The company will also use whole-tree chips as an admixture in its new sulphate pulp mill. The Finnish forest industry is prepared by the end of this decade to use 10m. cubic metres of whole-tree chips a year if the problem of harvesting can be solved.

L. K.

With another warning yesterday on the soaring cost of London's transport, Arthur Smith examines the plight of Britain's bus operators

Bus services on a downhill road

THE PLIGHT of Britain's bus services, faced with cutbacks in public expenditure on the one hand and swingeing cost increases on the other, has been forcefully laid before the Government in recent weeks. Yesterday, the situation was spelt out again when local authority representatives met Mr. Anthony Crosland, Secretary for the Environment, at a meeting of the Consultative Council on Local Government Finance, and the next six weeks or so are likely to see some hard bargaining as local councils try to persuade the Government to raise the sum provisionally allocated to bus subsidies in 1976-77.

What they are concerned about is the recent Government directive that public transport subsidies by local authorities should be cut, and the burden shifted onto passengers by way of higher fares. For the current year, the limit on local authority expenditure on revenue support for bus undertakings is £123m. The provisional total for 1976-1977, however, was originally set at only £103m., and has just been cut a second time to £91m. (at 1975 prices; the figure will be increased to allow for inflation).

Not absolute

These limits are not absolute: authorities can spend more if they wish. But they are the figures the Government uses in deciding its own grants to local authorities to offset their spending on transport subsidies. In 1975-76, the first year of the grant system, the Department of the Environment operated "safeguard" provisions under which each county council received a minimum of 70 per cent. of its allocated spending, with the remainder being found from its own resources—which generally means the rates. The percentage the Government will provide for next year has yet to be negotiated.

Not only is the total available for grant to be reduced, but the way it is allocated is to be changed. The major urban areas, which this year picked up 93 per cent. of the total, will obtain less while the rural counties have more. In those areas, indeed, the level of public transport subsidy could go up in real terms if councils follow the directive. As a result the "shire" counties will be able to pump more money into the National Bus Company, which is responsible for 90 per cent. of rural routes, with the squeeze being felt primarily by the Greater London Council, which has had more than 60 per cent. of the allocation total this year, and the six metropolitan counties.

Implications

Mr. Crosland has spelt out the implications of the overall cutback quite clearly: "This reduction will require fare increases to be made earlier or larger (or both) than previously planned."

Already, at least one authority, South Yorkshire, has said that it will defy the directive and hold fares steady, even if it means another 2p on the rates.

The basis of the transport industry's argument is that fares will have to be raised so much that the passenger loss will cause irreparable damage to public undertakings. The trend is already clear. Projections by the Greater London Council suggest that passenger mileage in its area will be cut from 6.2bn. in 1974 to 5.3bn. by the middle of 1976. In Manchester, passengers carried have dropped 16 per cent. in the last 12 months.

Passenger loss on that scale, apart from the threat posed to the financial viability of individual bus authorities, raises profound questions about overall transport policy. Are people transferring back to private transport, and if so, why and at what cost in terms of traffic congestion, fuel consumption, and highway expenditure? Equally important, what are the social implications? Does it mean that merely leisure journeys—to the shops or cinema—are being cut out, or does it indicate real hardship?

The answers to such questions are not known, and the Department of Environment is likely to conduct its own research before the final level of allowable revenue support is fixed at the end of next month. In the meantime, successive delegations from troubled bus undertakings are likely to troop to the Marsham Street headquarters of the Department of the Environment in the hope of persuading the Government to relent from its current hard line.

The cause has now been taken up by the unions, and particularly the powerful Transport and General Workers. Mr. Larry Smith, the TGWU's national bus officer, suggests that some 10,000 jobs in municipal undertakings could be at risk as the result of a £6 a week wage increase agreed last week and other rising costs. A joint approach with the employers is to be made to the Government to ask for higher subsidies which would at least absorb the £6.5m. cost of the wage increase.

But while the lobby is only now gathering momentum, the alarm bells for the industry started to ring at the beginning of this year with the surprise news that the State-owned National Bus Company was in financial difficulties. Across the board fare increases of around 35 per cent., plus a £20m. cash injection, were called for. The money was needed just to meet the day-to-day operating expenses of the organisation, which has 54 subsidiary companies in England and Wales and is the country's biggest single bus operator.

The basic cause of the situation was simple: costs—of which labour is responsible for around 70 per cent.—rose faster than revenue. The problem is common in varying extents to all the bus operators but was more severe in the case of NBC which, in an election year, was encouraged to show at least an element of price restraint.

Hardest hit by the change in subsidies will be London, which this year has received 60 per cent. of the country's total allocation. The six metropolitan counties will also be heavily squeezed.

Real debate

In an effort to restore the lost ground NBC has pushed fare increases to what it regards as the limit this year. The 35 per cent. rise early this year, supplemented by the "trigger" system under which fares automatically go up in line with a prescribed increase in labour costs, is now being followed by another round of increases of between 15 and 25 per cent., according to what the market is believed capable of bearing.

NBC management is determined that fares should continue to provide the bulk of revenue. Passengers currently contribute around 80 to 85 per cent. of necessary income, so the real debate is about whether the last 15 per cent. or so should come directly from the Government, or from local authorities.

Dr. John Gilbert, the Transport Minister, has left little doubt that he is determined the money should be contributed by local councils, giving them the choice of either coming up with the cash or accepting responsibility for major cuts in services.

Transport Policies and Programmes, indicating the level of support county councils (including the district authorities in each county) are prepared to give to NBC operations, were submitted in July, but Dr. Gilbert took the unprecedented step of allowing until the end of September for revisions. "Thereafter, if a county has decided not to support particular loss-making services, it must be assumed that these will be cut," he said.

Peak services

Outlining the scale of the problem, the Transport Minister said that NBC had already decided on cuts of some 9m. miles over routes through the country. Without increased local authority grants, further service cuts totalling more than 40m. miles—around 6 per cent. of the total—would be needed.

Revised submissions from the county councils are still being processed but early indications suggest that the response to Dr. Gilbert's warning has been good—news that will undoubtedly bring a measure of relief at NBC. While in percentage terms the additional cuts contemplated were not high, the question of where they would fall is important. NBC, responsible for numerous urban areas and 90 per cent. of the rural network, has trimmed back many marginal routes and is now having to look to peak hour services.

This year NBC, although it had been looking for £20m. from local authorities, is likely to receive only about £6m.—a gap which goes some way to explaining its financial problems. In 1976-77 NBC will want some £27m. and, assuming the success of Dr. Gilbert's warning, may get near that figure.

Such a turnround will go a long way to taking pressure off NBC service cuts, but the overall effect is only to shift the problem elsewhere: the State-owned company will merely take a larger slice of the total the Government specifies local authorities should spend on revenue support.

The problem is particularly difficult for the Labour leadership of the GLC, which came to power in April, 1973, with a programme of killing most of the ringway road proposals and boosting public transport. Despite the pace of inflation and a London Transport deficit mounting at an alarming pace, the GLC kept fares pegged for two years, until March this year. The Labour group has agreed to go for a further 26 per cent. rise next month to be followed by a 20 per cent. jump in July.

In these projections the GLC had taken account of the Government's intention to chop the national allocation to £91m. but had not expected the redistribution in favour of NBC—a move which could lop a further £10m. from the total the Council can expect.

A 1p rate raises £18m., but there seems little likelihood of the GLC's looking in that direction as a way to ease London Transport's problems at a time when the authority is desperately cutting spending on all fronts. A rates subsidy of £40m. a year is already made to hold down fares, and the Labour group has decided to keep that contribution constant in real terms.

The most likely outcome is another 10 per cent. on the fares increase scheduled for next July, but the projection expected passenger loss quite disturbing. Passe mileage rose in 1974 to 6. the first increase for a de but estimates circulating County Hall suggest this fall to 6bn. by the end of year. The drop will contin 1976, when the impact of th per cent. rise will give a fu downward push to 5.5bn. r By mid-1977 passenger mi is estimated at around 5.3.

Two increase

Greater Manchester T port, which according t director - general, Mr. Harrison, has gone for re fares reviews, has been ha by two increases this Average fares have gone more than 60 per cent, result of rises in Februar August, and passenger mi has dropped between 15 a per cent. from the level months ago.

In the past two years chester had managed to ha long-term drift away public transport, but this the graph has turned st downwards.

Mr. Tony Harrison, director-general, argues th Government's drive to passenger transport more able is too precipitate. correct marketing poli moderate fare increase frequent intervals." transport was being treat expendable. "Once you passengers you seldom get back and to start down th is usually a one-way trip.

Nonetheless, he is con about the outcome. "Wh may be said by Gover Ministers and documents p from Whitehall, people w just sit back and allow decimation of public trans he maintains. But the remains that if services a to be heavily reduced money has to be found somewhere. If the Gover refuses it and obtaining it passengers is impractical it is to the ratepayers th operators will have to tu

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APPOINTMENTS

L. J. Tolley Fodens' chairman

Mr. L. J. Tolley has been elected chairman of FODENS in succession to Mr. W. L. Foden, who remains chief executive and a director. Mr. Tolley was appointed a director at a Board meeting yesterday at which Mr. Foden resigned as chairman. Aged 61, Mr. Tolley was appointed chairman of Renold in 1972 after 10 years as managing director. He was intimately involved in the acquisition by that company of John Holroyd and Co. and Crofts Engineering.

A decision on further Fodens Board appointments will be made following a detailed assessment by Mr. Tolley.

Men and Matters, Page 18

★

The Board of the ALLIANCE BUILDING SOCIETY has elected Mr. L. Farrer-Brown as chairman following the death of the previous chairman, Lord Royle. Lord Hankey remains deputy chairman. Mr. Farrer-Brown became an Alliance director in 1969.

★

Mr. Jeffrey Greenwell has been elected president of the INSTITUTE OF LOCAL GOVERNMENT ADMINISTRATORS for 1975-76. He had been chairman of the Institute's Council for the past year and succeeds Mr. Allen Morris, director of Administrative Services for Kennet District Council.

★

Captain (Commodore) B. C. Perowne, ADC Royal Navy is to be promoted Rear Admiral on January 7 next and to be Director of Management and Support Intelligence in February in succession to Major-General Sir John Younger, who is to retire.

★

Major-General W. G. H. Beach, Commandant of the Staff College, Camberley, is to be Deputy Commander-in-Chief U.K. Land Forces next January in the rank of lieutenant-general in succession to Lieutenant-General Sir Allan Taylor, who is to retire. Brigadier T. S. C. Streatfeild, Brigadier A/Q Headquarters I (British) Corps, is to be Chief of Staff, Logistic Executive in the Ministry of Defence, next January in the rank of major-general. This is a new appointment.

★

Mr. Peter Brooks has been appointed technical director of BURRUP, MATHIESON AND CO. (HOLDINGS), the printing subsidiary of Extel, from Staples Printers, and Unwin Brothers, where he has been group technical development manager for seven years.

★

Mr. Peter F. Kendell has been appointed to the Board of ROBERT LEE INTERNATIONAL MANPOWER CONSULTANTS.

★

Mr. Donald McCrickard has been appointed resident vice-president—U.K. for the CARD DIVISION of AMERICAN EXPRESS, while Mr. Charles P. Gilson has been appointed to the newly-created post of regional vice-president—European markets.

★

Mr. David Wagstaff, a vice-president of First National City Bank, has been appointed head of the bank's WORLD CORPORATION GROUP for the U.K. He succeeds Mr. Stewart Clifford, vice-president, who has been assigned to Citibank's NATIONAL BANKING GROUP in New York as head of the public utility department.

★

Two appointments have been announced by the Brockhouse Group, of West Bromwich. Mr. W. E. Vickers, formerly general manager, becomes managing director of the DISTRICT IRON AND STEEL COMPANY and Mr. C. M. Botfield, formerly general manager, has been appointed managing director of R. J. HUNT AND SON.

★

Mr. Hedley W. Whitehead has been elected chairman of the NORTH EASTERN CO-OPERATIVE SOCIETY. He was for the last 12 months joint chairman with Mr. Colin Doughty, who has been elected vice-chairman. Before last year Mr. Whitehead had been chairman since the society was formed in 1970. The position of vice-chairman is a new one.

★

Sir Richard Powell and Mr. John R. Polk have joined the Board of THE THinc. GROUP (U.K.), a subsidiary of The THinc. Group Inc., of New York.

★

Mr. D. G. Hutton has retired from the Board of BARKER AND DOBSON.

★

Mr. E. H. C. Jones, chairman of JOS HOLDINGS, has retired from the Board and Mr. W. H. Conroy has been appointed chairman in his place. Mr. Conroy, a director of the company for the last six years, is also a director of wort Benson; British A and General Trust; The and New York Trust C and The Family Investmen

★

Mr. J. L. Cognet has elected chairman of BATH AND SON, merchants. He joine company in 1934.

★

Mr. Brian Hood has appointed joint managing of SCM (UNITED KIN with direct responsibili marketing its typewriter copiers. SCM (United Ki is the U.K. subsidiary o Corporation, of New York Hood was previously the c tion's director of finance, Middle East and Africa.

★

Mr. Charles Hoare ha appointed a managing dir WARDLEY, Hong Kon wholly-owned merchant subsidiary of The Hongko Shanghai Banking Corpor

Enka announces drastic restructuring plan

BY MICHAEL VAN OS

AMSTERDAM, Oct. 21.

ENKA GLANZSTOFF, the troubled Dutch chemical fibres group, to-night announced details of its planned restructuring plan governing its activities in Holland, Germany and Belgium, which are designed to improve its financial position in the short term.

The measures, which involve a drastic streamlining of Enka's European production facilities, represent a loss of 3,300 jobs. They do not yet affect the staff in non-production sector (offices, research, etc.) which is subject to separate study. In all, Enka plans to reduce its total European jobs by more than 6,000 people.

For Holland, Enka proposes gradually to phase out the complete production capacity for rayon textile filament at the Beeldhouwer-Straat plant in Arnhem, and the gradual phasing out of half the production capacity for nylon textile filament at the Bargemeer plant in Emmen. New spinning equipment will be commissioned for polyester yarns at the Bargermeer plant in Emmen where the old equipment will cease to be used.

For Germany, Enka proposes gradually to phase out the complete production capacity for rayon staple at Kassel from spring, 1976. Half the production capacity for nylon textile filament at the Wuppertal-Barmen facility will be phased out. In each of the plants at Kelsterbach and Obernburg, 2,500 tons of the production capacity for nylon textile filament will be phased out. The gradual, but complete, transfer out of Waldniel of the texturing capacity for polyester textile filament is also announced so that the Enka establishment in that town will be withdrawn altogether. Enka also proposes to transfer production from two former pilot plants in Obernburg to already existing large modern production units for nylon staple in the establishment in Kassel and for fine industrial yarns in the establishment at Obernburg.

As far as Belgium is concerned, Enka said to-night that it intended gradually to phase down the complete production capacity for nylon textile filament in the establishment at Zwijnaarde: It added in the statement that, "as long as negotiations about this move are still continuing with the Belgian Government, we shall not carry out this plan."

Faced with fierce international trade union opposition to its restructuring plans, Enka will now start discussions with the various employee organisations in the three countries, to be conducted by its local subsidiaries, on the implementation of the proposals.

RSV proposes cutbacks

BY MICHAEL VAN OS

AMSTERDAM, Oct. 21.

RSV, the large Dutch diversified shipbuilding group, is reported to have proposed reducing the number of jobs in its shipbuilding division by 2,600 in an effort to tackle the over-capacity in this sector. The proposals are said to involve 1,800 actual lay-offs, mainly transient workers, while the company hopes to be able to redeploy elsewhere in the group the staff of around 800 affected in the non-production (offices, etc.) sector.

The proposals, which were brought into the publicity by Holland's Communist evening newspaper De Waarheid last night following leaks from trade union officials at RSV in Rotterdam, are said to constitute a main conclusion of the company's newest market analysis for the shipbuilding sector in the short and longer term. As the report is still being discussed this month by the RSV management and the various employee organisations, the RSV management has refused to deny or confirm the report.

Although there seems to be little doubt that the recommendation in the report is basically correct—RSV has been hit particularly hard by the slump in the Tanker market and it has had to build two supertankers for its own account—trade union officials said in Rotterdam that RSV had asserted that the report was a "talk piece." The company was due to be reorganised as far as its heavy shipbuilding activities were concerned, but details about the eventual implementation of the slimming have not yet been fixed, it was added.

The RSV Board revealed earlier this month in Rotterdam that this year's net profits were expected to be down about 20 cent. from the Fls.65m. in 1974. As for 1976, the company hoped to be able to maintain the results at the current year's level, with all main divisions contributing. RSV's policy is aimed at reducing, to some extent, its dependence on the shipbuilding sector and to expand the other activities. The group has received a number of encouraging orders in the nuclear vessel, marine construction and offshore construction sectors.

Meanwhile, **IHC Holland**, the specialised Dutch shipbuilding group, has said in Rotterdam that it plans to close down its ships' diesel engines manufacturing company Smit-Bolnes in Zierikzee by the middle of next year. The company was hit by a short protest strike by its employees, around 200, late last week.

This morning, Dutch Press reports said that trade union officials at Smit-Bolnes had stated that there was a small chance that the company may be taken over by a foreign company. The name of the company, on which IHC Holland would not comment, was given as the U.S. Pratt and Whitney Aircraft company. The reports said that the trade unions officials have said that if the acquisition were to go through, the U.S. company planned to use the facilities in Zeeland province to manufacturer parts for the new F-16 NATO fighter which will replace the ageing Starfighter aircraft in a number of European air forces. The plant in Zeeland would then be part of the industrial compensation package offered by the U.S. manufacturer of the aircraft, General Dynamics.

CNT Fls.75m. Eurobond

BY MICHAEL VAN OS

AMSTERDAM, Oct. 21.

CAISSE NATIONALE des Telecommunications (CNT), the French Post Office Corporation's financing company, will shortly float a Fls.75m. Eurobond loan according to Dutch banking sources. Lead manager for the issue is thought to be Algemene Bank Nederland.

The report said that the proceeds of the loan will be employed for the expansion of telecommunication provisions in France. The French Government reportedly gave permission for this CNT loan before it announced last month that French companies would not be allowed to raise loans abroad for the time being.

The publication of the French Eurobond loan has been premature and it has rather embarrassed Dutch banking circles. The subscription to the latest Dutch state loan is not closing until this afternoon. The CNT loan terms are expected to be published immediately afterwards.

The 8¾ per cent. Dutch state loan issue, dated 1990, is again a so-called tender operation and the amount to be issued will be fixed after closing of the subscription books. Under the tender system, subscribers decide for themselves which price they want to pay.

Holzmann home market bleak

BY NICHOLAS COLCHESTER

BONN, Oct. 21.

THE CONTINUED shrinkage in the flow of West German construction contracts, above all for commercial and business buildings, has resulted in a further deterioration in the profits of Philipp Holzmann. The important German construction company reveals in an interim report on the first six months that its activity at home fell from DM1.22bn. to DM1.13bn., while that abroad rose from DM186m. to DM300m. Meanwhile its margins have been squeezed between a 6 per cent. increase in costs and a 2 per cent. rise in average prices.

The most striking development of the year to date has been the shift in the order book from inland orders to those for construction projects overseas. The total book, including some long-term contracts, was standing at DM3.04bn. at the end of August compared with DM2.24bn. at the same moment in 1974. Of this total 60 per cent. were orders from overseas customers, compared with 36 per cent. a year before.

These contracts provide little consolation for West Germany's construction workforce. In the first six months of this year another 67,000 jobs have been lost leaving around 1.12m. employed in the industry. At the end of August Philipp Holzmann's workforce of 14,500 was 13.6 per cent. below its level a year earlier. On the other hand the company's overseas employment has risen to 8,300 from 5,800. The company's inland order book has remained unaltered since the beginning of the year at DM1.22bn. because of a marked fall off in Holzmann's construction activity.

Holzmann reports that the indications are that the low point in German housebuilding has not yet been reached.

The problems of Euromarket lending to developing countries

BY MARY CAMPBELL

AFTER ALLOWING for inflows from aid disbursements, short term trade credits and various other sources, the net financing requirements of the non-oil developing countries (NODCs) could rise from $13bn. this year to $22bn. next year and perhaps close on $48bn. by 1980, Mr. David Levine of Chase Manhattan Ltd. suggested yesterday.

Mr. Levine was speaking at a conference on the Euromarkets arranged by Investment and Property Studies in London.

The estimates of the NODC's "net financing gap" — the amount of funds which the Euromarkets might be called upon to provide—were based on projections that their gross current account deficits would rise from about $57bn. next year to perhaps as much as $90bn. in 1980.

Discussing the problems of financing Euromarket lending to the NODCs, Mr. Levine expressed confidence that some way would be found out of the foreign exchange squeeze which these countries were currently facing and which arose from the simultaneous fall in their export earnings and rise in their import costs. He clearly regarded the problems of financing the future development of these countries, in addition to their continuing trade deficits and debt service requirements, as much more significant for the Euromarkets.

On the one hand, he said, there was the question of whether the Euromarkets could finance the requirements on the kind of scale needed, and on the other the question of whether they should do so.

With the rate of growth of the Euromarket likely to be considerably slower in future than it had been in the past, he suggested that it would by no means be able to satisfy these requirements in full and certainly would not be able to provide finance for the maturities and at the interest rates which would best suit NODC borrowers.

On the other hand he urged Euromarket banks to lend as much as possible—both because the industrialised world depended on these countries as sources of supply and as markets for goods and because an increase in their share of world capital holdings would be crucial for economic and political stability.

Among the various ways to cut down the political, economic and other risks which are the main bar to banks' lending on a large scale to NODCs and which had altogether prevented them from lending to the poorer NODCs so far, Mr. Levine suggested that the World Bank and other multilateral agencies should act as guarantors for Euromarket loans.

In another speech at the conference, Mr George Putnam, managing director of Citicorp International, suggested that the big U.S. banks' appetite for new Euromarket lending would continue to rise during 1976 and 1977 notwithstanding capital ratios constraints and currently foreseeable loan loss problems. He pointed out that the ratio of net worth to risk assets of the 25 largest American banks, after falling from 11.0 per cent. in 1970 and 1971 to 8.4 per cent. at the end of last year, had now risen for the first time in five years to 8.8 per cent though he noted that New York in company with other municipal credits were traditionally classified as riskless for the purposes of the ratio.

He did not think that a default by New York would significantly alter this picture, since he thought that the Federal Reserve would not require banks to write down the value of their holdings of New York stock in their investment accounts — at any rate for some time until the situation had been sorted out.

BASF will still pay staff bonus

By Guy Hawtin

FRANKFURT, Oct. 21.

BASF, ONE of the three largest West German chemical concerns, to-day announced that its workers are to receive their usual year-end bonus, despite the fact that production and profits are heavily down.

The announcement by the group to-day gives an indication of how West German workers have come to regard these bonuses as a right, rather than a reward for a good year's profit.

In its statement BASF said that its workforce—54,065 at the end of 1974—were to be paid a "performance" bonus amounting to 125 per cent. of average gross monthly earnings. In addition, workers will also receive a loyalty bonus of DM15 per year of service.

With turnover of the parent company, BASF AG, off a full 17 per cent. in the first five months of the year—and possibly more at the nine months stage—many of the concern's workers have been on short-time. These will be paid their bonus as if they had been in full-time work.

The 1975 bonus is somewhat less handsome than that of last year, when workers received some 170 per cent. of gross monthly earnings. However, BASF, like its rivals in the chemicals industry, has been doing very badly this year, particularly in the paints, plastics and synthetic fibres sectors.

Indeed, in June this year shareholders — whose dividend was increased in 1974 from 1973's 16 per cent. to 17 per cent.—were warned that it was unlikely that the increased dividend could be maintained. At this point in time dividend prospects are probably even more bleak.

Ferodo in Poclain talks

PARIS, Oct. 21.

SOCIETE FRANCAISE du Ferodo and Poclain SA are discussing at the Industry Ministry's request a possible link in the hydraulic equipment sector, a Ferodo spokesman said. But, he added, the talks, which come in the light of Poclain's recent economic difficulties, are only at a preliminary stage and there are no grounds at this stage for supposing they will produce a concrete result.

Light engineering group Ferodo's first 1975 half net profit was Frs.15.8m. (Frs.15.3m.), while total group 1974 net profit was Frs.34.3m (Frs.52 3m.).

Poclain president Pierre Bataille said earlier this month that the hydraulic equipment company would make a loss in 1975.

Reuter

BSN-Gervais Danone slumps

By Rupert Cornwell

PARIS, October 21.

BSN-Gervais Danone, the glass-to-foods conglomerate has warned that its consolidated accounts for this year will be no more than in balance and could even show a slight net loss. Last year group earnings had already fallen steeply to Frs.65m. from Frs.250m. in 1973.

A brief statement reported that first half parent company profits dropped to Frs.426,000 from Frs.47m. in the same period of 1974, after a special provision of Frs.20m. for depreciation of some of its portfolio holdings.

The main reasons however for the gloomy performance that is expected this year is the poor showing of BSN's flat glass division, which despite undergoing restructuration will be in heavy deficit in 1975. These losses will be made good by the "satisfactory" performance of the food side. Last year the group reported net sales of Frs.9 8bn. compared with Frs.8.9bn. in 1973.

Sharp tumble for Gueugnon

By Rupert Cornwell

PARIS, Oct. 21.

FORGES DE Gueugnon, the special steels and piping concern, to-day reported a sharp tumble in first half profits, to Frs.6 3m. before tax and depreciation from Frs.69m. in the same period last year.

The company moreover is expecting matters to get still worse in the second half. While the first three months of this year had at least shown an operating profit, this had not been the case in the second.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	97	98
Ashland 8pc 1987	90	91
Australswiss 8pc 1987	87½	88½
BFCE 9pc 1979	97½	98½
Borregaard 8½pc 1989	91½	92½
Carrier 8pc 1987	89	90
Conoco 8pc 1986	94½	95½
Consd Foods 7½pc 1991	84	85
Cutler Hammer 8pc 1987	90½	91½
EIB 9½pc 1995	100½	101½
Esso 8pc 1986 Nov.	96½	97½
General Cable 8½pc 1987	87½	84½
General Motors 8½pc 1986	100½	101½
GTE 8½pc 1986	96½	97½
ICI 7¾pc 1992	79½	81½
Nat. Grindlays 7½pc 1987	73	75
Pacific Light 8pc 1985	99½	100
Prov. of Quebec 7½pc 1993	84½	85½
Quebec Hydro 9½pc 1989	96	97
Queensland 8½pc 1987	85	86
Scanraff 8½pc 1989	93½	94½
Shell 8pc 1986	94½	95½
Stand Oil (Ind) 8½pc 1988	97½	99½
Tenneco 7½pc 1987	87	88
Transocean 8pc 1986	94½	95½
TRW 8½pc 1986	97	98
Utah 8pc 1987	88½	89½
Volvo 8½pc 1985	98	99
NOTES		
Air France 9½pc 1978	100½	101½
Aust Ind Dev 10½pc 1981	101	102
Barclays 7½pc 1978	96	98
Cie Nat du Rhone 10pc '82	102	103
Du Pont 7½pc 1978	101	102
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1976	100½	101½
Marubeni 9½pc 1982	98½	99½
Nippon Fudosan 10¼pc 1981	102	103
Svand. Enskilda 10½pc 1991	102½	103½
Tenneco 7½pc 1979	98	99
Tokyo Curacao 10½pc 1981	101	102

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	80	82
Ashland 5pc 1988	71	73
Beatrice Foods 4½pc 1992	87	89
Beatrice Foods 4½pc 1992	97	99
Borden 5pc 1992	89	90
Broadway Hale 4½pc 1987	69	71
Canon Camera 7½pc 1989	85	87
Carnation 4pc 1987	85	87
Chevron 5pc 1988	101	103
Dart 4½pc 1987	78	80
Eastman Kodak 4½pc 1988	114	116
Economic Labs. 4½pc 1987	75	77
Eidal 7½pc 1989	78	80
Fed Dept. Stores 4½pc '85	126	128
Firestone 5pc 1988	83	85
Ford 5pc 1988	85	87
Ford 5pc 1988	74	76
General Electric 4½pc 1987	93	95
Gillette 4½pc 1987	69	71
Gould 5pc 1987	85	87
Gulf and Western 5pc 1988	65	67
Harris 5pc 1992	64	66
Honeywell 6pc 1986	75	77
ITT 4½pc 1987	68	70
Komatsu 7½pc 1990	106	108
J. Ray McDermott 4½pc '87	130	132
Mitsui 7½pc 1990	100	102
J. P. Morgan 4½pc 1987	102	104
Nabisco 5½pc 1988	89	91
Owens Illinois 4½pc 1987	98½	98½
J. C. Penney 4½pc 1987	78	80
Pioneer 6½pc 1988	145	150
Rank 4½pc 1993	40½	42½
Revlon 4½pc 1987	100	102
Sperry Rand 4½pc 1987	98	95
Squibb 4½pc 1987	78	80
Texaco 4½pc 1988	73	75
Toshiba 5½pc 1993	101	103
Union Carbide 4½pc 1982	100	102
Warner Lambert 4½pc 1987	88	90
Warner Lambert 4½pc 1988	76	79
Xerox 5pc 1988	72	74

Source: Kidder, Peabody Securities

W. GERMAN RETAILERS

Looking for a brighter New Year

BY CHARLOTTE OMOHUNDRO

WEST GERMAN retailers are now looking well past Christmas for an upturn in the domestic economy, and in their own trade. Last year was one of the roughest for the retail trade, one in which no real growth was shown, and 1975 looks little brighter with forecasts of volume growth pegged at around 1 per cent.

Although the big retailers, the department store chains, have been pinched it is likely that smaller establishments have felt the bite of recession even more.

The leading department store chain, Karstadt of Essen, showed a 78 per cent. gain in sales to DM7.1bn. between 1970 and the end of 1974; but net profits in 1974 were only 17 per cent. above those registered in 1970, at DM126.5m. West Germany's second largest departmental chain, Kaufhof of Cologne (which includes the subsidiary Kaufhalle) has shown sales growth of 19 per cent. between 1970 and 1974 to DM6.1bn. But net profit (excluding a consolidation carry-over in 1970) has declined by 8 per cent. to DM126.5m.

German department stores have consistently reaped a larger stake of total retail sales. Currently, the large chain stores — Karstadt, Kaufhof, Horten and the privately held Hertie—have some 10 per cent. of total retail turnover.

Small stores have aimed to conquer some of their competitive problems with the bigger groups by forming co-operatives. Some 30 per cent. of small store goods are bought through central buying co-operatives in areas such as food, textiles, clothing electrical goods and pharmaceuticals. But the trend, according to one analyst, is still toward the bigger stores. This is despite an avowed Government wish to limit the growing dominance of the larger groups, and to preserve small traders.

One headache the German retailers are not struggling with, to the same extent as British or, even more, American retailers, is a wash of unpaid hire purchase agreements or tardy store credit card payments. Germany is still very much a cash society, even for major purchases like a refrigerator or a furniture suite. German clerks do not ask "how would you like to pay?" It is assumed that you will, by cash—or cheque and bankers' card.

The pressure here, rather, is where the consumer is putting his cash and as a Commerzbank spokesman points out, it is more likely these days to be going into a savings account. He notes that the savings quota, now at about 17 per cent., is extremely high, an indicator of fear. It is save, don't spend.

Growth in turnover, then, in the past couple of years has been more a factor of price rises than volume increases. Stores have reacted to slower demand in various ways. In some, there has been an effort to stock lower quality and cheaper priced merchandise, to offer a lower and middle range of goods.

Others have sought to broaden both at the top and the bottom of their ranges, in the hope of capturing some of the well heeled thunder of the German shopper who has been ranging Europe in search of quality luxury goods or good sturdy bargains with his highly valued Deutsche Mark in hand.

Tourism, a sector which is included in retail stores through such groups as Neckermann and Kaufhof, has been one of the few bright spots around this year—hence the German tourists one can see in London stores, taking advantage of the pound-Mark ratio and the often superior range of goods they can snap up at prices unobtainable in German metropolitan centres like Frankfurt or Dusseldorf.

German department stores—the aggressors in the German retail scene, where the U.K. counterpart is supermarkets—are far more hard sell operations than those seen in Britain. They tend to be bright and shiny, with a lot of main floor sales space held by bargain bins and special offer counters reminiscent of the summer sales in Britain. Little of the floor display drama, seen in Britain at the recently failed Biba, or the flair of Selfridges or Peter Jones, is to be seen at the average German department store. Loudspeakers in many stores blare out bargains or travel deals or special offers for to-day. Sales help is at a minimum and cash desks are predominant.

To-day, more than even in years past, German stores offer less service as the major stores trim back their employee roster, even while a steady increase in capacity has been added. The Kaufhof group, with a slight reduction of 0.8 per cent. in its labour force at the end of 1974, managed to increase sales per employee in the Kaufhof operation by 10.4 per cent. and in its Kaufhalle stores (a lower range merchandise group) by 8.8 per cent. In the first quarter of this year Karstadt trimmed its labour force by 4.5 per cent. to 59,250. Hertie, of Frankfurt, the third largest group with sales of DM5.7bn. in 1974, reduced its staff by 2.9 per cent. by the end of 1974 to 58,000.

Horten, on the other hand, the fourth in size in department store operations with sales of DM3.3bn. in 1974, increased its sales staff by just under 3 per cent. between 1973 and the end of 1974. Between 1970 and 1974, Horten showed a 40 per cent. gain in turnover but net profits plummeted by some 57 per cent. to Dm.35m.

The situation in the mail order business is no brighter than the rest of the retail scene. Mail order houses account for some 5 per cent. of the German total retail turnover, higher than that of Britain and much higher than that of the U.S. But analysts feel that mail order operations have little reason to expect greater penetration of the market, even with an economic upturn.

Rather, it is pointed out, mail order houses are moving toward large off-centre retailing facilities to move merchandise. Neckermann, with sales of DM2.96bn. at the end of 1974 is characteristic of this trend. Neckermann has some 60-odd per cent. of its trade in warehouse operations.

But, mail-order or warehousing, 1974 was a disappointing year for the group with profits down by a quarter to DM12m.

Quelle is West Germany's largest mail order house, with sales in 1974 of DM5.2bn. The group has half of its trade in warehouses. Quelle's hope is that any rise in the economy will show first in lower priced merchandise, where it specialises. Consequently, this division of the diversified trading group Schickedanz, of Fuerth, has expanded its current autumn/winter catalogue beyond the 40,000 items carried in its big summer issue.

The mail order house operations are one of the few areas which do offer credit arrangements, and perhaps coupled with lower priced goods they can expect to benefit first from an upturn. For the time being, though, throughout the West German retail trade, it is a matter of watch, wait and, of course, hope.

Recession curbs Kaufhof performance

BY GUY HAWTIN

FRANKFURT, Oct. 21.

THE RECESSION and the growing army of unemployed has not greatly curbed the performance of Kaufhof, one of West Germany's leading department store groups. Turnover is well up on last year but much depends on Christmas sales if there is to be an improvement in profits.

In an interim report, the group disclosed that turnover in the first nine months of the year rose by 8.6 per cent. from DM4.09bn. in the first three-quarters of 1974 to DM4.44bn. The fastest growth rate, however, came in upper market end of its business.

A breakdown of the group's turnover figures show that the more up market stores run by Kaufhof AG turned over DM3.53bn. This was, in simple terms, 9.7 per cent. more than in the first nine months of last year, although this fell to 7.5 per cent. when new sales space was not included.

However, Kaufhalle GmbH, which runs the group's operations at the lower end of the trade, reported a growth of only 4.3 per cent. on the first three quarters of 1974. Turnover totalled DM904m. and growth remained at 4.3 per cent. despite an increase in sales space during the January to September period.

The Kaufhof group's report, therefore, tends to confirm the views of retailing experts here who believe that it is the stores catering for those on lower incomes that will bear the brunt of the recession. Consumer spending in the middle and higher income groups has not been so heavily affected. Indeed, it has been F. W. Woolworth's West German subsidiary, which is strongly entrenched in the market catering for the lower paid, that has voiced the greatest concern about the business prospects this year.

During the nine months Kaufhof expanded its sales space by 3.5 per cent., while, at the same time, trimming its workforce by 2 per cent. to 54,700. Personnel costs, however, went up by 8.7 per cent. to DM853m.

The group's travel business—the business year of which runs from November 1 to October 31—sold 311,724 holidays in the 11 months until September 30. Although the group gave no indication of its travel earnings, sales figures showed an increase of 24 per cent. or 60,112 holidays on 1974.

Up another 4.5 on economy upturn

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 21

FURTHER GAINS were scored on Wall Street to-day, following increased buying on signs of confidence that the U.S. economy is recovering strongly. But the close was below the best on some late profit-taking.

After opening another 3.27 up at 850.52, the Dow Jones Industrial Average partially reacted to 846.82, for a net rise of 4.57, while the NYSE All Common Index gained another 39 cents to $47.91. Advances outpaced declines by more than a two-to-one majority, and the trading volume spurted ahead by 7.55m. shares to 20.8m.

The Stock Market was feeding partly on hints that Washington may be turning a more sympathetic ear toward New York City's call for financial assistance, the sharp rise in third-quarter Gross National Product, recent signs that the Federal Reserve has loosened the reins a bit on monetary policy, speculation that bank prime interest rates may be headed lower soon, plus some better-than-expected third-quarter earnings reports.

The NYSE mid-October short interest position rose 7,484 shares to 24.485m. shares.

General Motors put on $½ to $55¼ on 244,700 shares. Wards Automotive Reports, a Detroit-based trade publication, said the mid-October period will show "the industry is selling cars at the strongest pace in 14 months." Ford Motor advanced $1½ to $40¾.

Denny's picked up $1 at $18¾ on higher earnings.

Oklahoma Gas and Electric gained $1½ to $21¾ on 105,600 shares, while Hercules climbed $1⅛ to $27¼ on 133,100 shares.

Eastman Kodak were off $½ at $102¾, after $1.04 following its long awaited Plain Paper Copier, which puts it in competition with Xerox, of $½ at $60, and IBM, up $1⅜ to $212¾.

Armco Steel and Republic Steel each eased after reporting sharply lower earnings.

Kennecott Copper shed $½ to $29½ on a per share loss for the third quarter against a profit a year earlier. Nashua fell $2 to $9½ on lower profits.

Oil Supply issues were lower. Hughes Tool fell $3½ to $40¾, Halliburton $3 to $142, J. Ray McDermott $2 to $41⅜, Rucker $1¾ to $16 and Smith International $2¼ to $25½.

Sherwin-Williams dropped $4⅛ to $34¼ on sharply lower fourth-quarter net.

The American SE Market Value Index was up 0.43 to 83.70, with advances outnumbering declines by 335 to 271.

Canada easier

Canadian Stock Markets were generally easier in moderate trading yesterday.

The Industrial Share Index shed 0.30 to 170.09, Golds 7.04 to 299.44, Base Metals 0.33 to 71.33, Utilities 0.30 to 120.10, Banks 1.33 to 234.40 and Papers 0.41 to 102.00. But Western Oils gained 3.64 to 188.56.

Dome Petroleum added $1½ at $32, but Grafton Group lost $1½ to $28 as did Canadian Cable Systems to $11.

Steel of Canada fell $1½ to $27½.

OTHER MARKETS

PARIS—French stocks mostly higher after a hesitant start.

Michelin advanced Frs.46 to 1,330.

Foods, Metals and Banks were irregular, while all other sectors finished higher.

Antar and BP, in a strong Oils sector, gained over 7 per cent.

BSN were up Frs.8 at 508, after opening lower on a sharp drop in first-half profits.

Americans and Germans did well among Foreign issues, but Dutch issues were weak, while Belgians were resistant. Gold Mines and Coppers generally advanced.

BRUSSELS — Broadly higher in active trading.

Among Steels, Claberg rose Frs.90 to Frs.4,350 xd. In higher Oils and Chemicals, Petrofina gained Frs.155 to Frs.4,920.

U.S. shares were higher, South African Gold Mines strong and French, Dutch and German shares firm.

AMSTERDAM — Generally firm. Unilever up Fls.2 at Fls.100.8, led Dutch Internationals higher. But Akzo eased to Fls.31.8 as the Unions called for renewed negotiations with its Enka Unit over workforce cuts.

Public Loans were easier ahead of to-day's tender for a 15-year 8.75 per cent. open-ended Dutch State Loan.

GERMANY—Higher across a wide front in active trading, with heavy Foreign buying. Markets were helped by speculation that the Central Bank Council Deutsche Bundesbank may again ease the Central Bank's credit policy at the routine meeting on Thursday.

Banks were among the market leaders, with Dresdner Bank up DM3.50 at DM240, Commerzbank DM3.70 at DM201.50 and Deutsche Bank DM6.50 at DM325.

Electricals were firm. AEG rose DM1.10 to DM80.90 and Siemens DM3.50 to DM276. Chemicals advanced. Bayer climbed DM2 to DM113.70, Hoechst DM2.50 to DM129 and BASF DM4 to DM136.80.

Rumours that Deutsche Bundesbank may soon cease to intervene in support of Public Sector Issues led to a sharp increase in selling and the Central Bank had to buy DM167m.-worth of Public Sector Bonds.

MILAN—Prices rose an average 2.5 per cent. in active trading. Technical and speculative activities were said to be behind strong demand which carried all sectors higher.

OSLO—Bankings were firm, Insurances barely steady, while Industrials were easier.

VIENNA—Barely steady in thin trading. Leading Industrials were little changed.

COPENHAGEN—Mixed with a firm undertone in fair dealings.

SWITZERLAND — Broadly higher in active trading.

Banks, Financiers, Industrials, Insurances and Chemicals all advanced. Swissair Bearer rose Frs.6 to 391, Fischer Frs.25 to 490 and Sulzer Frs.60 to 2,250.

Dollar stocks rose in an active turnover, Dutch Internationals firmed slightly, while Germans improved on increased buying.

HONG KONG—Prices recovered almost all of Monday's losses in moderate trading.

Hong Kong Bank were active and firmed 20 cents to $HK16.50, boosted by a profitable arbitrage situation with London.

Hong Kong Docks rose a further 5 cents to 6.75. But Wheelock Marden lost 2½ cents to 3.475 and Hutchison one cent to 1.83. Swire Pacific put on 5 cents to 5.60.

JOHANNESBURG—Gold shares were firmer on overseas interest and the higher bullion price.

Financial Minings also were firmer. Amgold gained 50 cents to R3,900.

TOKYO—Market opened firm but profit-taking in Blue Chips depressed prices.

"High priced" Electricals such as TDK Electronics and Pioneer Electronic were prominent losers. Cameras, Motors, Pharmaceuticals, Constructions, Shippings, Paper-pulps, Cotton Spinnings, Synthetic Fibres, Oil Refinings and Trading Firms were all lower.

Heavy Electricals like Hitachi and Toshiba closed higher.

AUSTRALIA — Energy stocks spearheaded a mild recovery.

Coals, Uraniums and one or two Oils started to move forward and carried some Industrials along with them.

Among Uraniums, Pako picked up 15 cents to $A4.00, APN Continental 26 cents to $A6.26 and Queensland Mines 20 cents to $A1.45.

Indices

NEW YORK

DOW JONES AVERAGES

	Home Bonds	Transport	Indus.	Util.	Trading volume 000's
Oct. 21	68.16	162.02	846.82	82.89	20,900
20	[illegible]	[illegible]	842.25	82.12	13,350
17	[illegible]	[illegible]	832.12	82.31	16,350
16	[illegible]	[illegible]	837.85	82.51	12,910
15	[illegible]	[illegible]	837.22	81.85	14,440
14	67.34	167.22	835.25	81.51	19,960
13	67.95	165.15	837.77	81.19	12,020
10	67.72	165.06	825.91	80.59	14,620
9	67.75	162.73	824.54	79.56	17,770
8	67.56	162.64	823.91	78.85	17,500
7	67.56	160.11	816.61	78.70	13,650
6	67.21	159.27	819.66	78.80	15,470
3	67.06	152.53	813.21	78.19	16,360
2	67.05	155.95	794.55	77.29	14,290
1	67.22	154.73	784.16	76.85	14,070
Sept. 30	67.89	155.97	793.88	76.97	12,520
29	67.30	152.14	805.23	77.17	10,520
1975 High	69.22 (4/4)	174.12 (5/5)	881.81 (15/7)	87.07 (24/6)	—
Low	66.15 (5/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (2/7/32)	10.58 (28/4/42)	—

† Excluding bonds

IND. DIVIDEND YIELD p.c.

Oct. 13	Oct. 10	Oct. 18 1974
4.60	4.65	5.80

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	Oct. 21	Oct. 20	Oct. 17	Oct. 16	Oct. 15
51.24 (15/7)	37.06 (2/1)	47.91	47.52	47.09	47.55	47.24

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,533	963	483	425

	Oct. 21	Oct. 20	Oct. 17	Oct. 16	Oct. 15
New Highs	75	25	10	41	24
" Lows	16	17	15	12	12

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	Oct. 21	Oct. 20	Oct. 17	Oct. 16	Oct. 15
98.80 (15/7)	62.20 (2/1)	83.70	83.27	83.38	85.86	85.87
Volume (000's)		1,750	1,420	1,410	1,820	1,520

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Oct. 21	101.49	90.56
" 21	100.65	89.82
" 17	99.56	88.96
" 16	100.14	89.37
" 15	100.00	89.33
" 14	100.09	89.26
" 13	100.35	89.46
" 10	98.91	88.21
" 9	99.16	88.57
1975 High	107.40 (15/7)	96.91 (15/7)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Oct. 15 1975	Oct. 8 1975	Oct. 16 1974
Ind. Ord. yield pc	3.90	3.96	4.90
Ind. Ord. p/e ratio	11.78	11.62	8.09
Long-term Govt. Bds. per cent.	8.36	8.23	8.82

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Searle G. D.	467,400	16⅛	+ ⅛
General Motors	244,700	55¼	+ ½
Polaroid	206,800	38¼	−1½
Amer. Tel. Tel.	202,400	49⅜	+ ⅛
Southern Co.	163,400	14½	+ ⅛
Xerox	163,100	60	− ½
Nat. Semiconductr.	143,900	43	− ½
Texaco	136,300	24¾	+ ⅛
Hercules	133,100	27¼	+1⅛
Amer. Broadcastg.	131,100	23⅛	− ½

TORONTO

INDUSTRIAL INDEX

Oct. 21	Oct. 20	1975 High	1975 Low
170.09	170.39	186.58 (15/7)	150.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Oct. 21	Oct. 20	1975 High	1975 Low
173.39	175.33	203.61 (15/7)	139.95 (2/1)

COMBINED INDEX

Oct. 21	Oct. 20	1975 High	1975 Low
172.48	173.00	195.00 (12/7)	138.05 (2/1)

JOHANNESBURG

	Oct. 21	Oct. 20	1975 High	1975 Low
Industrials	201.3	201.1	235.9 (16/7)	183.2 (23/11)
Gold	347.2	342.5	379.1 (2/11)	203.3 (10/9)

(1938=100.) Source Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Oct. 16	Oct. 9	Oct. 2
On Dividends	6.18	6.34	6.60
On Earnings	10.27	10.51	10.99

SYDNEY ALL ORD. INDEX

Oct. 21	Oct. 20	High 1975	Low 1975
399.75	399.49	422.40 (14/10)	283.88 (3/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Oct. 21	Oct. 20	High 1975	Low 1975
312.35	313.32	335.11 (2/7)	268.24 (10/1)

HONG KONG INDEX ●

Oct. 21	Oct. 20	High 1975	Low 1975
316.24	314.16	441.57 (9/6)	160.44 (9/1)

SINGAPORE INDEX §

Oct. 21	Oct. 20	High 1975	Low 1975
219.50	219.66	268.69 (11/6)	155.40 (8/1)

EUROPE

	Oct. 21	Previous	1975 High	1975 Low
Belg'm (a)	98.98	98.37	111.21 (16/6)	84.05 (2/1)
Denm'k (b)	94.94	94.98	94.98 (20/10)	73.03 (13/1)
France (c)	69.5	69.3	72.2 (25/6)	51.70 (2/1)
Germ'y (e)	714.1	70.49	726.1 (15/6)	573.6 (2/1)
Holland (f)	88.3	88.5	107.8 (6/6)	83.2 (2/10)
Italy (g)	79.08	75.51	108.26 (21/2)	76.41 (17/10)
Spain (h)	92.86	—	110.94 (22/4)	91.20 (19/3)
Sweden (k)	404.97	398.56	404.97 (21/10)	310.66 (3/1)
Switz'rl'd (m)	345.5	343.5	380.1 (6/6)	305.3 (2/1)

Indices and base dates (all base values 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (c) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (0) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

$ weaker

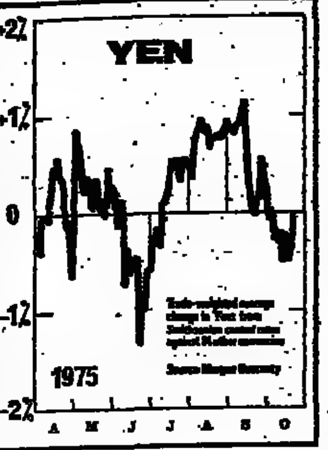
The U.S. dollar continued to weaken in the foreign exchange market yesterday, after showing a firmer trend in earlier dealings following the sharp increase in the U.S. gross national product. The easier trend in U.S. interest rates and the doubts which still surround the financial problems of New York tended to depress the dollar and the U.S. unit lost ground after the statement from the New York State Governor that the State can no longer support New York City. The dollar's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York on noon rates, widened to 3.35 per cent., from 2.19 per cent.

Sterling was slightly weaker against major currencies in general. The Bank of England calculation for the pound's trade-weighted depreciation widened to 29.5 per cent., from 29.4 per cent. previously, having stood at 29.5 per cent. at noon and 29.4 per cent. in early dealings.

The pound began at $2.0620-$2.0630 in terms of the dollar and after rising to $2.0630-$2.0640, touched a low point of $2.0550-$2.0580, before closing at $2.0615-$2.0625, unchanged on the day. The discount on the forward pound continued to widen, with the three-month rate quoted at 2.68 cent premium, against 2.66 cent premium.

The Japanese yen improved on indications of an increase in Japanese exports. It closed at Y300.85 against the dollar, against Y302.5 previously. The yen's trade-weighted depreciation, on the Morgan Guaranty basis, narrowed to 0.01 per cent., from 0.51 per cent.

Gold gained $½ to $145¼-$146¼. The krugerrand finished at $150-$152 (£72¾-£73¾) in the domestic and international markets. The coin's premium over its gold content widened to 3.60 per cent.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to:	Oct. 21	Oct. 20
Sterling	0.573850	0.574361
U.S. dollar	1.18064	1.18215
Belgian franc	45.8029	45.5837
Deutsche mark	3.03661	3.02276
French franc	5.17843	5.16600
Italian lira	799.057	797.892
Japanese yen	357.144	358.073
Dutch guilder	3.12752	[illegible]
Swedish krone	5.15753	5.16600

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Oct. 21	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't.	—	2.5625-40	58.62-72	6.62-63	5.28-29	97.05-15	97.17-27
N. York	39.05-07	—	22.91-95	2.591-594	2.0635-0645	38.00-04	37.94-98
Paris	170.325-725	4.3612-3910	—	11.25¼-32¼	9.0175-0420	165.75-15	165.625-025
Brussels	15.08-10	38.75-80	8.82-85	—	79.76-91	14.62-65	14.64-68
London	5.28¼-29¼	2.0615-25	9.011-02¼	79.60-30	—	5.43¼-44¼	5.44-45
Am'erdam	102.91-96	2.6477-85	60.33-38	6.8255-8305	5.4475-4525	—	100.075-125
Zurich	102.22-99	2.6385-6405	60.32-41	6.825-835	6.4375-4450	99.73-88	—

U.S. $ in Montreal U.S. $=102.76-78 Canadian cents. Canadian $ in New York $ C=97.28-30 U.S. cents. U.S. $ in Milan 676.85. Sterling in Milan 1394.10.

EURO-CURRENCY INTEREST RATES

Oct. 21 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	11¼-11¾	5½-6	7⅛-7⅝	5⅝-6⅞	3¾-4	⅞-1⅛
7 days notice	11¼-11¾	5⅝-5⅞	7⅛-8⅛	5⅝-5⅞	3⅝-3⅞	¼-⅜
Month	11½-12	5¾-6¼	8⅛-8⅛	4⅞-5⅛	3⅞-3⅞	1⅛-1⅝
Three months	11⅝-12⅛	6½-7	8⅜-8⅞	4⅝-4⅞	4-4⅛	3⅛-3⅜
Six months	11⅞-12⅜	7¼-7⅝	8⅞-9⅛	4⅞-5⅛	4⅜-4⅞	3⅝-3⅞
One year	12⅛-12	7¾-8⅛	8⅞-9⅞	5⅝-6	5⅝-5⅞	4⅜-4⅝

Euro-French deposit rates short-term 6¾-6⅞ per cent.; seven days' notice 6¾-6⅞ per cent.; one month 6¾-7 per cent.; three months 7-7⅛ per cent.; six months 7⅛-8⅛ per cent.; one year 8⅛-8½ per cent.

Longer-term Eurodollar deposits: two years 8⅛-8 per cent.; three years 8-8½ per cent.; four years 8½-8⅞ per cent.; five years 9½-9⅞ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5⅝-6 per cent.; three months 6⅛-6⅞ per cent.; six months 7⅞-7⅞ per cent.; one year 7⅞-8 per cent.

* Rates are nominal closing rates.

† Shorter-term rates are call for sterling, U.S. dollars and Canadian dollars, and two days notice for guilders and Swiss francs.

GOLD MARKET

	Oct. 21 1975	Oct. 20
Gold Bullion (a fine ounce)		
Close	$145¼-146¼	$144¾
Opening	$146¼-147¼	$144
Morning fix'g	$145.00 (£70.822)	$143 (£69.8)
Afternoon fix'g	$145.25 (£70.961)	$144 (70.21)
Gold Coins (domestically)		
Krugerrand	$150-152 (£72¾-73¾)	$148 (£72¼)
New sov'r'gns	$47-49 (£22¾-23¾)	$46¼ (£22¼)
Old sov'r'gns	$47-49 (£22¾-23¾)	$46¼ (£22¼)
Gold Coins (Int'n'n'aly)		
Krugerrand	$150-152 (£72¾-73¾)	$149 (£72¼)
New sov'r'gns	$44-46 (£21¼-21¾)	$44.4 (£21¼)
Old Sov'r'gns	$44-45 (£21¼-21¾)	$44.4 (£21¼)
$ 20 Eagles	$224-227	$222
$ 10 Eagles	$116-119	$115
$ 5 Eagles	$75-78	$74-7

FOREIGN EXCHANGES

Oct. 21 1975	Bank Rates %	Day's Spread
New York	6	2.0550-2.0640
Montreal	8¼	2.1140-2.1250
Amst'rdam	4½	5.43-5.47
Brussels	†6	79.50-80.20
Copenh'gen	7½	12.28-12.37
Frankfurt	3½	5.28½-5.30½
Lisbon	6½	54.40-54.86
Madrid	†7	121.50-122.00
Milan	6	1,391-1,395
Oslo	5	11.25-11.29
Paris	8	9.01-9.05
Stockholm	6	8.98-8.85
Tokyo	7½	6.18-6.25
Vienna	6	37.50-37.78
Zurich	3½	5.43-5.48

† Basic discount. ‡ Rates given convertible francs; closing financ. 82.35-82.35.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—100% (99¾%)

NEW YORK

Stock	Oct. 21	Oct. 20
Addressograph	8⅛	8
Aetna Life & Cas.	22⅞	23
Air Products	66	64½
Corning Glass	41¼	40¾
CPC Int'nation'l	43⅜	43
Crane	46	44½
Crocker Nat. C.P.	22⅞	22⅞
Crown Zellerbach	35¼	34
Johns Manville	20¼	
Johnson Johnson	87	
Johnson Control	12	
Joy Manufactur'g	71¼	
Kaiser Alumin'm	24⅞	

GERMANY ● · MILAN · AUSTRALIA · JOHANNESBURG · CANADA · BRUSSELS · PARIS · SWITZERLAND ● · TOKYO ● · AMSTERDAM · STOCKHOLM · COPENHAGEN · OSLO ● · VIENNA · SPAIN

Source Nikko Securities Tokyo

FARMING AND RAW MATERIALS

Copper mine costs cut, says Chile

...ER PRODUCTION costs ...e big State mines in Chile been reduced to 50 U.S. ...a lb, compared with about ...nts last year and about 60 ...at present at U.S. copper ..., according to the Chile Copper Corporation vice-...ent, Andres Zauschque-... reports Reuter from San-...

...claimed production costs ...cut mainly by lowering ...nd power consumption at ...big mines.

...cut costs further, the Cor-...on was promoting domes-...manufacture of spares, ...ment and inputs now im-...

...ew mine is being opened ...El Teniente to replace the ...g one, which will become ...onomical as it runs out of ...e reserves, he said. New ... for secondary grinding ..., extraction of molybden-...d leaching are being in-... at Chuquicamata and ... at a cost of $55m.

Commodity stabilisation scheme doubts

...ur Commodities Editor

...G DOUBTS about the ...y of the proposed com-... price stabilisation ...s were raised by Mr. F. ... chairman of the London ... Exchange management ...tee, speaking at the ...ge's annual dinner in ... last night.

...Wolff pointed out that ... the very many problems ..., the funds required for ... price stabilisation would ...ense.

...ondered whether it might ... better to leave the price ...modities to the law of ... and demand, and divert ...s and energy that would ...en used in a stabilisation ... into direct aid to the ...s where they were most ...

... PRODUCTION CONTROLS HINT

...nternational Tin Council ...roduce controls on the ...and exports of member ...s if world price continues ... Sr. Carlos Iturralde, ... of Bolivian companies ...onal Mining Company ...lsa, told an investment ...ce in London yesterday, ...Reuter.

... will probably maintain ... production at around ...r's 30,000-tonne level, ...e Tin Council imposed ...ts.

Prices Secretary joins move to reform CAP

BY PETER BULLEN

MRS. SHIRLEY Williams, the Prices Secretary, called for changes in the EEC's Common Agricultural Policy yesterday to prevent the build-up of unnecessary food surpluses, particularly of dairy products.

Next week she is attending a meeting of EEC Farm Ministers in Luxembourg with Mr. Fred Peart, the U.K. Minister, when the CAP stocktaking exercise begins in earnest.

Talking to leaders of the farming and ancillary industries at the Guild of Agricultural Journalists' harvest luncheon in London, Mrs. Williams reiterated her belief in the Community's general agricultural policy of security of supplies, self-sufficiency and an expanding agricultural industry.

But there were some aspects of the CAP about which she had grave reservations. Germany and Italy as well as Britain were also seeking changes in the policy, she said.

She emphasised the need for a policy whose prices—at the end of Britain's transitional period—reflected the right balance between farmers' and consumers needs. Production of food surpluses such as the 1m. tonnes of skim milk powder made no sense.

Any food surpluses should benefit EEC consumers or needy third world countries and not be sold to countries with similar economies to those in the Community. "We cannot defend the perpetual production of surpluses," she stressed.

Later she added that she personally felt milk products prices in the EEC were too high. Farm Ministers would have to decide whether high final prices could always be justified and sustained.

The question that begged to be answered was whether it was better to have such high prices for all producers regardless of efficiency or to have some policy of prices based on the average, modern milk unit, for instance, backed with schemes to pay the inefficient farmers to quit the land.

It might be better to pay farmers £1,500 a year to keep out of milk production rather than pitching producer prices so high that surpluses were encouraged and retail prices were at levels that depressed consumption making the surpluses even worse.

Mrs. Williams, who revealed she had once been "second cowman" of an Ayrshire herd, rejected charges that she had had to be persuaded to recognise the U.K. dairy farmers' recent case for higher returns to meet rising costs.

She said she was capable of seeing the facts such as the low returns for calves and culled cows and the need for an improvement in milk-producers' incomes. The industry had put over their case well, but she criticised the fact that they had not put over what effect a producer increase would have on consumers.

In less than one generation, Britain was moving from a system of low food prices to one where prices were necessarily higher, said Mrs. Williams. This raised questions of self-sufficiency and adequacy of food supplies.

While expanding output, our already efficient agriculture had to come to terms with dearer energy inputs. A balance would have to be found between production at prices which would not exploit or antagonise consumers: a steady, gradual expansion of agriculture which would not put intolerable strains on supplies or prices to consumers.

U.S.-Soviet grain deal welcomed

BY RICHARD MOONEY

THE LONG-AWAITED U.S.-Soviet long-term grain deal was given a generally enthusiastic reception throughout the world yesterday. Japanese and Australian officials welcomed it as a stabilising influence for the international grain market while a Russian spokesman hoped it would introduce a measure of order into mutual trade relations.

In commercial quarters, however, the deal does not seem to have made much impact. European grain markets were very quiet and U.S. prices were marginally lower during early dealings on the Chicago grain market.

The pact provides for Soviet purchases of between 6m. and 8m. tonnes of U.S. grain a year during the five years from October 1, 1976 with a possible extra 7m. tonnes to be exported from this year's crop—a figure most traders feel is well within U.S. capabilities.

Under an escape clause the U.S. will be able to block sales if it believes national supplies are likely to fall below 225m. tonnes. The lowest U.S. crop in the last 15 years was 226m. tonnes in 1974/75 while this year's production is estimated at 242.1m. tonnes.

Following yesterday's announcement, Mr. Richard Bell, assistant secretary of agriculture, forecast Soviet purchases of U.S. grain from the current season's supplies could climb to 15m.-17m. tonnes from the curent recorded level of 10.3m. Between July, 1975, and end-September, 1976, he estimated, Soviet global purchases of grain could reach around 30m. tonnes.

Questioned

Mr. Bell said total Soviet grain production in 1975 may not be more than 160m. tonnes—10m. below the latest U.S. Agriculture Department estimate. This would represent a shortfall of over 50m. tonnes from the output target.

Some U.S. traders have questioned the USSR's ability to handle the amount of imported grain envisaged by Mr. Bell. They say its capacity for discharging grain is understood to amount to some 2m. tonnes a month. "If they have bought 23m. to 24m. tonnes already will they be able to handle an additional 6m.-7m. tonnes?" trade sources queried.

Meanwhile, a study prepared for the Congressional Joint Economic Committee has warned that actual and projected grain sales to Russia will significantly increase retail food prices—as well as net farm income. Sales already concluded will raise consumer food costs by a full percentage point, says the author, Mr. George Brandow, professor of agriculture economics at Pennsylvania State University. Another 10m. tonnes would raise retail prices by a further 1.4 per cent., he claims.

Farmers in the Soviet Ukraine sold over 14m. tonnes of grain to the State this autumn, almost as much as last year, despite a harvest severely hit by drought, reports Reuter from Moscow.

This is over half as much again as in the disastrous 1972 crop year, when gross Ukrainian grain production fell below 33m. tonnes.

The Ukraine is estimated to have harvested only marginally more this year, and agricultural experts said the high deliveries to the State do not necessarily mean the harvest was better than predicted as these sales and output are not directly linked.

Turnround in cocoa market

By Our Commodities Staff

THE COCOA market quickly resumed its upward trend yesterday following the previous day's sharp reaction. Improved U.S. manufacturer inquiry on Monday night prompted a late advance in New York and Monday's £10 decline on the London market had been wiped out by yesterday's opening session.

Prices moved further ahead encouraged by East European price-fixing of previous transactions and covering of earlier speculative sales. The March position reached £649.5 a tonne before profit-taking trimmed this to £645.25, up £17.

London Merchants, Paterson, Simons and Ewart, in their latest cocoa report, estimate 1975/76 world production at just under 1.5m. tons, similar to last year. With grindings unlikely to increase by more than 5 per cent. during that period supply will probably exceed demand by less than 20,000 tons.

Milk workers' 'grave anxiety' over cutbacks

CLOSURES, REDUNDANCIES and short-time working in manufacturing creameries were causing grave anxiety to workers in the milk industry, a Union of Shop, Distributive and Allied Workers deputation has told Mr. Fred Peart, Minister of Agriculture.

A USDAW spokesman said yesterday that the Minister stated it was the present Government intention to maintain a worthwhile milk industry within the U.K. Importing liquid milk was certainly not in the Government's mind.

It was a step which would be taken only as a last resort if U.K. output fell to such a low level that the supply to the public would be endangered.

FARM WRITERS AWARD FOR FT JOURNALIST

By Our Commodities Editor

In the 1974-75 Fisons Awards for outstanding contributions to agricultural journalism announced yesterday, Peter Bullen of the Financial Times was named winner of the general section for his article last year on "The ups and downs of the Sunday joint."

Stuart Seaton of Farmers Guardian won the specialist section and Stephen Howe the award for journalists under 30.

COFFEE MARKET

African producers seek better deal

BY OUR KENYA CORRESPONDENT NAIROBI, Oct. 21.

AFRICAN COFFEE producing countries are determined to press for fuller recognition of their role in the world market in the new International Coffee Agreement, to be negotiated soon. This became clear quickly when the annual general meeting of the Inter-African Coffee Organisation (IACO) opened in Nairobi to-day.

Delegates from 18 African countries are taking part in the meeting, which continues until Friday, to produce a common strategy for negotiations with the rest of the world's coffee producers on the new agreement.

Another important topic due to be decided is where in Africa to place the IACO headquarters. It has already been decided that it should move from Paris, and Abidjan, Kampala and Dar es Salaam have all offered to accommodate it.

But it is possible that a decision on the headquarters site may not be taken this week. Kenya to-day offered temporary accommodation, without prejudice to any final decision.

Imperative

Kenya's Minister for Agriculture Mr. Jeremiah Nyagah, who opened to-day's meeting, reminded delegates that Africa exported 15.2m. bags of coffee in 1968-69, and that this had risen to 19.8m. bags by 1973-74.

IACO members now contributed nearly 36 per cent. of world coffee supplies, and the importance of the crop to many member states made it imperative that they received an adequate return for their coffee.

It was important to agree on effective and acceptable criteria on which Africa would recommend the future division of the world market, when new export restrictions are imposed under the new agreement. The export performance of some other countries had dropped in the last decade and future export quotas must take account of production trends.

While world prices had risen as a result of the July frost in Brazil they were not too high, and present prices should serve as a basis for price negotiations with consumers.

The IACO chairman, the Tanzanian Agriculture Minister, Mr J. J. Mungai, stressed that IACO member countries export more coffee than any other single producer. But if they were disunited, they could not take advantage of this fact in negotiations for the new agreement. "We must use it to enhance our bargaining power to obtain remunerative prices for Africa's coffee growers," he said.

The climate for the new agreement has changed substantially since the middle of this year, as it was certain that the frost in Brazil would reduce world supplies for the next four years. "We should expect importing countries now to be keener than they were last June to conclude with producer countries an agreement that will guarantee a regular supply and establish price ranges," he said.

"Since consumers are no longer secure in the knowledge that some producers hold huge stocks of coffee, it is a good time to negotiate a new agreement. We in Africa, together with other producing countries, have always been ready to offer a regular supply in return for assurances of stable and equitable incomes."

This, along with the fact that international goodwill seemed to be moving in favour of meaningful commodity agreements, suggested a good climate for negotiating a "substantially better" agreement than those of 1962 and 1968. He hoped the current meeting would be able to restate clearly what Africa is seeking from the third agreement.

Its needs were: guaranteed minimum prices; a mechanism to compensate for devaluation and inflation; equitable market sharing; and special consideration for mono-crop economies and least-developed countries.

On prices, he said an initial objective must be the restoration of the value of coffee earnings to their level before the devaluation and inflation of the 1970s. They must also press for measures to safeguard coffee earnings against future devaluation and inflation.

Inadequate

Africa, he said, had repeatedly complained of inadequate quota allocations, and the 1962 and 1968 agreements had enabled Brazil to off load huge stocks into the market by giving her a quota above her production.

"Africa is not seeking to replace Brazil in coffee market domination," Mr. Mungai said. "What we are asking for is equitable market sharing for all coffee exporting countries."

The quota system needed to reflect actual production trends. "For once, let us do away with paper quotas," he added.

A flexible quota system was needed, responsive to production trends, actual exports and stock availability. "I believe the best basis for market sharing is consideration of exporters' best performance year in the most recent period."

Buffer stocks were a complex issue and it was reasonable to expect consumers to play an equitable role in financing them. "I appeal to consuming countries to share the financial burden of buffer stocks as and when necessary," he added.

One year extension of sugar pact likely

AN OVERWHELMING majority of sugar producer and consumer members of the International Sugar Organisation (ISO) are expected to agree at the UN to a year's extension of the existing International Sugar Agreement (ISA) by December 31, informed sources told Reuters yesterday.

They added no votes have been recorded against the ISO executive committee resolution in August to extend the ISA, due to expire at the end of 1975, by one year.

The main reason for the extension is that ISA members are negotiating the best possible agreement, the draft of which is expected to be ready during the first three months of next year.

It has not yet been decided whether the agreement will be based on stocks or quotas, or a combination of both. Although the ISO resolution received the overwhelming support of its members, the extension must be legalised by 66 per cent. of producer and 66 per cent. of consumer member countries advising the U.N. Secretary-General of their agreement.

● Record sugar production in Nicaragua for 1975-76 is expected as a result of increased plantings, a U.S. Agriculture Department report from San Salvador states. Production is forecast to range from 211,600 to 244,720 tonnes compared with the 1974-75 final estimates of 195,727 and 160,400 tonnes in 1973-74.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

QUIETLY STEADY [illegible]

GRAINS

[illegible]

FREIGHTS

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

HIDES—Manchester. Somewhat firmer. Second clear ox 31-35½ kilos 23.6p per kilo: 26-30.5 kilos withdrawn 24.6p: 22-22.5 kilos 27.6p. Light cows 26.6p. No calf offered.

*

COPRA—Philippines. Oct. $212, Nov. $215, Dec. $217½ per tonne c.i.f. North European ports.

BAUXITE MOVE BY INDONESIA

By Our Own Correspondent KINGSTON, Oct. 21.

INDONESIA HAS applied for membership of the International Bauxite Association (IBA) and is likely to become the 11th member of the organisation.

The application is now with the IBA's secretariat in Kingston, and follows Indonesia's admission to observer status at the last ministerial council meeting in Georgetown, Guyana, in November.

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

LIVERPOOL COTTON [illegible]

U.S. Markets

Grains fall hits metals and cocoa

NEW YORK, Oct. 21.

GRAIN FUTURES closed sharply lower on aggressive speculative liquidation over disappointment of the quantities involved in the U.S.-Soviet grain purchase agreement. As a result, precious metals and cocoa declined on sympathy speculative liquidation, while copper and sugar finished higher on moderate trade support, Bache reports.

Cocoa—Ghana spot unquoted (same): Bahia 64 (same). Dec. 60.50 (60.70), March 56.85 (57.20), May 54.80, July 53.25, Sept. 52.25, Dec. 51.40. Sales: 1,139.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (same). "C" Contract: Nov. 79.95 nom. (80.22). Dec. 80.90-80.99 (81.22), March 80.20-80.30, May 80.60, July 81.20-81.60, Sept 81.50 nom. Sales: 242.

Copper—Oct. 53.90 (53.70), Nov. 54.10 (53.90 settlements), Dec. 54.60, Jan. 55.30 settlements. Sales: 864 lots.

Cotton—Dec. 51.65-51.70 (51.07), March 53.12-51.15 (52.62), May 53.96-54.05, July 54.55, Oct. 55.20-55.25, Dec. 55.35, March 55.55-55.60. Sales: 4,750.

†Gold—Oct. 144.00 (145.70), Nov. 144.50 (146.20), Dec. 145.20, Feb. 147.20, April 149.40, June 151.60, Aug. 153.80, Oct. 156.00, Dec. 158.30, Feb. 160.50. Sales: [illegible]

[illegible]

STOCK EXCHANGE REPORT

Better trend in markets, but trade at a low level

Share index up 8.1 at 344.8—Golds improve

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 6	Oct. 16	Oct. 17	Oct. 28
Oct. 20	Oct. 30	Oct. 31	Nov. 11
Nov. 3	Nov. 13	Nov. 14	Nov. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets made a largely technical rally yesterday, after the sharp setback over the previous two trading days which was prompted by worries about Government expenditure. Trading conditions in both gilts and equities were thin and sensitive and there was a noticeable response, mainly in the latter sector, to hints of a possible further cutback in defence spending which began to circulate in the late afternoon.

The late spurt in leading industrials was well illustrated by the FT 30-share index, which extended a rise of 2.6 at 2 p.m. to one of 8.1 to 344.8 at the close. Initially, prices reflected the absence of any fresh selling and scattered bear closing.

Gilt-edged behaved similarly, with prices tending to improve by an ⅛ more in the "after-hours" dealings after showing rises of around ⅜ at the House close. The Government Securities index recovered 0.32 to 57.27.

Overall, it was a quiet and relatively uninteresting session—official markings of 5,339 compared with 6,826 on Monday—but the better trend in the leaders spilled over into second-line equities. Rises led falls by 2—1 in FT-quoted Industrials, while the FT-Actuaries All-Share index improved 0.9 per cent. to 146.79. Banks regained their poise, recouping most of the previous day's losses which resulted from fears of a call for an increase in special deposits.

Gilts rally

Still falling U.S. Treasury bill rates, and the hints much later in the House of Commons of defence cuts, helped to dispel a little of the recent gloom surrounding British Funds. The recovery began with bear-covering in a technically oversold market, but later more genuine demand developed which continued after hours, particularly at the short end. Recoveries extended to ⅜ in both shorts and longs with another ⅛ being added to selected issues late in the evening. Corporations were quietly irregular, while the appearance of a buyer brought improvements to some Southern Rhodesian bonds: the 6 per cent., 1978-81, issue rose 3 to £46.

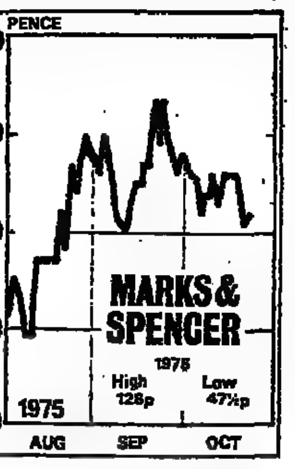
Fluctuating narrowly either side of 100 per cent. throughout a very small trade, the investment currency premium closed at that slightly higher level. Yesterday's S.E. conversion factor was 0.6310 (0.6332).

Banks pick up

After Monday's nervous start to the new account when selling fuelled by rumours that the Bank of England may soon call for a further increase of special deposits left the big four Banks distinctly dull, prices rallied smartly yesterday helped by technical influences. After a slow start, prices continued firm into the late dealings and, by the close, Lloyds at 233p, had recovered all of the previous day's fall of 13. Barclays rallied 10 to 290p, while Midland picked up 7 to 275p and National Westminster regained 6 to 235p. Bank of Scotland hardened 9 to 257p. Overseas issues were featured by Hong Kong and Shanghai which put on 8 to a 1975 high of 251p on Far-Eastern advices. Slater Walker rallied 5 to 49p in Merchant Banks.

After a hesitant morning session, Insurances edged forward late to close quietly firm. Helped by the reported success of the "rights" issue, "Royals," at 298p, recovered 6 of the previous day's fall of 8½.

Breweries edged forward to close quietly firm. Scottish and Newcastle improved 2½ to 56½p, while Allied hardened 1½ to 68p as did Whitbread "A," 66½p; the last-named were helped by Press mention. Dull on Monday following adverse comment, Distillery shares rallied well, with Distillers 3 harder at 116p and Glenlivet a similar amount better at 165p.



Buildings displayed no set trend after a moderate trade. Associated Cement hardened 3 to 179p and London Brick, in front of to-morrow's interim results, picked up 2 to 38p. Still buoyed by the agreed merger terms, Southerns-Evans added 9 at a 1975 high of 129p and Magnet Joinery put on 5 to 178p. John Laing "A" gained 4 to 129p as did Travis and Arnold to 98p. Slight disappointment with the first-half profits saw Rugby Portland touch 74p before a close of 76p, a net 2 cheaper, while the chairman's warning on profits at the AGM left Heywood Williams a similar amount lower at 33p. Lower preliminary profits left Ben Bailey 2 off at 11p.

Technical influences brought about an improvement of 5 to 289p in ICI, while Fisons put on 8 to 373p in quietly firm Chemicals.

Marks & Spencer erratic

Store leaders shrugged aside the rather depressing September retail sales figures and closed with modest gains. After softening initially to 99p on interim results just slightly below expectations, Marks and Spencer later improved to 103p for a net gain of 2. UDS, 86p, and "Gussies" "A," 186p, put on 3 apiece, while British Home added 2 at 345p. Secondary issues closed with narrow and mixed changes, although N. Brown Investments were noteworthy for an improvement of 4 to 31p. After Monday's gain of 3, S. and U. Stores improved afresh to a 1975 high of 19p, before finishing a penny firmer on the day at 17p on news of George Sturla's acquisition of a 14 per cent. stake at 20p per share. Dent Fownes followed the half-year statement with a gain of a penny at 13p.

Business picked up in the Electrical leaders, which took a turn for the better. Thorn Electrical moved ahead 12 to 204p in a rather short market, while EMI recorded a rise of 7 at 225p. BICC improved 4 to 116p and GEC 3 to 128p, while Reyrolle Parsons hardened 1½ to 64p. Plessey were left rather in the background with a gain of only a penny at 72p awaiting to-morrow's half-year figures. Elsewhere, George H. Scholes closed 3 lower at 153p after the full report. Louis Newmark declined 5 to 85p, but M.K. Electric managed an improvement of 3 to 47p, while BSR added 2 at 78p and Derritron a penny at 5½p.

Engineering features were more numerous. Tube Investments rallied 6 to 272p and John Brown put on 5 to 62p, while Hawker responded to first-half profits in excess of market expectations by rising to 312p before a close of 6 higher on balance at 308p. Revived speculation of a U.S. offer took Howard Machinery up 6 to 58p and speculative interest was also evident in Hall-Thermotank, 5 better at 76p. Ductile Steels rose 3 to 67p, after 68p, despite the lower profits which were countered by the statement on current year prospects. The forecast of increased profits failed to stimulate Clayton Son, which remained at 35p. Elsewhere, Whessoe were in demand at 34p, up 4, and United Wire were similarly dearer at 40p. In a restricted market, Weyburn jumped 10 to 283p. Of the few adverse movements, James Neill lost 3 to 60p and Wolseley-Hughes were a like amount lower at 94p.

Overnight opinions of the respective price levels for the two late bonus "rights" issues candidates were revised and Kwik Save, which opened higher at 228p, closed a net 10 up at 234p, while Lennons advanced 5 to 55p. Foods elsewhere were firm with Associated Biscuit jumping 10 to 75p, after 76p, and the "A" spurting 8 to 70p, on interim profits well above market estimates. United Biscuits improved 3 to 99p in sympathy. Tate and Lyle were 4 higher at 222p.

Grand Metropolitan rallied 2½ to 62½p in Hotels where Centre moved up 2 to 24p. A report of a possible "rights" issue accompanying Friday's preliminary results saw Pontins ease to 25½p before an unchanged close of 27p.

Modest support in a market short of stock brought a notable reversal of Monday's dull trend in the miscellaneous Industrial leaders. Glaxo, a particularly flat market of late on the disappointing annual results, rallied 12 to 338p. Beecham, 310p, and Unilever, 388p, secured rises of 8 apiece, while Pilkington improved 6 to 266p and Turner and Newall 4 to 128p. Reed International recouped 2 to 222p ahead of Friday's interim results. Reckitt and Colman made up an initial fall of 8 to close unaltered at 320p. Elsewhere, Nigerian Electricity Supply moved ahead 20 to 160p on speculative support in a thin market. United Carriers put on 3½ to a peak for the year of 26½p, benefiting from the increased half-year profits, while Stafler International, also on a half-time statement, added 1½ at 44½p. Cape Industries rose 5 to 139p and Robert McBride 4 to 104p, while gains of 3 were registered in Norvic Securities, 33p, and Edward Le Bas, 39p. AD International closed unaltered at 106p, after 108p, following the previous day's advance of 7 on hopes of a new Dentsply International offer.

Motors tended better with the general trend. Dunlop, 62p, and Lucas Industries, 130p, picked up 2 and 5 respectively.

After looking a shade lower at the start, Property leaders staked a technical rally and closed at the day's best. Land Securities finished with a net improvement of 5 at 170p, after 163p, while MEPC picked up 3 to 66p and English Property 1½ to 51p. Gains of a penny were recorded in Amalgamated Investment and Property, 20½p, and British Land, 18p. Secondary issues stayed easier for choice, although Argyle Securities were finally 3 firmer at 41p and Stock Conversion 2 harder at 142p. Haslemere Estates, with interim results due December 4, managed to end a penny up at 180p, after 177p, while Bank and Commercial followed the chairman's statement with a fractional improvement to 4p. Imry Property, still reflecting the profits contraction, shed 5 more to 175p for a two-day fall of 20. After Monday's reaction of 5 on the reported denial of a possible bid from Commercial Union, Great Portland Estates ended 2 cheaper at 214p, after 212p.

Oils advance late

Oils made progress late with the rest of the market, although business was quite small, and British Petroleum ended 5 better at 590p. Shell regained a similar amount to 359p, while Ultramar recovered 4 to 192p and Oil Exploration improved 2 to 57p. A closer assessment of the half-yearly results left Tricentrol 3 easier at 39p. In the overseas section, Woodside-Burmah put on 4 to 94p and Pan Ocean advanced 35 to 630p, but Sunningdale declined 30 to 350p. Attock remained unaltered at 55p after late details of the proposed reconstruction scheme.

S. and W. Berisford were in good form in Overseas Traders, closing with an advance of 11 at 204p, after 208p, in response to the bonus "rights" offer terms. Paterson Zochonis moved ahead 40 to a peak for the year of 440p on satisfaction with the profits expansion and proposed share subdivision, while Harrisons and Crosfield, awaiting to-day's half-time results, rose 12 to 912p. Lonrho were also favoured at 118p, up 5.

Small irregular price movements were the order of the day in Trusts and Financials. The bullish interim statement helped Camellia Investments harden 2 to 51p, after 52p. Tokengate gained 5 to 75p, but S. Pearson gave up 2 more to 140p and West of England declined 4 to 23p.

Shippings enjoyed a fairly good business and closed firmer throughout. Furness Withy were particularly favoured at 235p, up 5, after 237p; the interim results are due next Tuesday. Reardon Smith picked up 6 to 410p, while the "A" were 2 better at 128p. P & O Deferred edged forward 1½ to 103p.

Textile and Tobacco leaders staged a technical rally. Courtaulds recovered 5 to 139p, Bats picked up 7 to 310p, and Imps closed 2 better at 72p.

Fresh speculation about the outcome of talks currently taking place between James Finlay (unaltered at 138p) and McLeod Russel (2 better at 120p), which may lead to a major reorganisation affecting the substantial shareholdings of the two companies, lifted West Nile 50 to 295p, Consolidated Tea and Lands 20 to 310p, and brought gains of 15 to Cessnock, 205p, and Teith, 315. Rubbers were featured by Guthrie, 10 up at 153p.

Golds revive

Gold shares revived in line with the bullion price which closed 50-cents up at $145.75 per ounce, its highest since September 16. Buying interest came from both the Cape and Continent, with American demand in evidence in later dealings and prices closed generally at the day's best.

West Driefontein were a feature, rising £2 to £42 and Vaal Reefs gained £1 at £23¼. In heavyweight stocks, rises were seen in Hartebeest, Buffels (£16) and President (£13). Among the lower issues, Doornfontein were outstanding, advancing 70 to The Gold Mines index ro at 275.3.

Financials mirrored the in Golds with 'Amgold' ris to £33 and Anglo-Vaal up £11½. Gold Fields (215p) Charter Consolidated (170p) both 5 higher in line with industrials. Middle Wits wer ject to persistent Cape d gaining 20 at 875p. Pla were neglected.

In Coppers, Palabora cumbed to profit taking foll the recent sharp rise and l to 920p. On the other "Tanks" were 4 better at In Rhodesians, Falcon lost 185p on further considerat the lower profits and divi forecast for the year to September.

Australians were generall er in line with markets Under. Pancontinental rose 610p after 620p, and Peko end gained 10 to 390p o chairman's statement at annual meeting. Coal stocks in demand, Utah Mining ris at 925p and Thiess Holdings ing 7 at 282p. Pacific Coppe a further 2 to 18p.

Tins were easier where ch London Tin losing 2 at 147 Geevor falling 3 to a year of 157p reflecting the rece cline in the sterling price metal. Elsewhere, Sabina ga 5 to 83p after 80p followin negative drill results fro Bathurst base metal prosp Canada.

FINANCIAL TIMES STOCK INDICES

—	Oct. 21	Oct. 20	Oct. 17	Oct. 16	Oct. 15	Oct. 14	A[...]
Government Secs.	57.27	56.95	57.89	58.66	56.59	58.57	5[...]
Fixed Interest	58.40	58.56	59.10	59.50	59.44	59.49	5[...]
Industrial Ordinary	344.8	336.7	342.4	348.4	342.4	344.2	2[...]
Gold Mines	275.3	267.2	270.4	264.3	259.4	252.2	3[...]
Ord. Div. Yld. %	6.11	6.24	6.14	6.05	6.12	6.07	
Earnings Yld. % (full)(a)	16.80	17.17	16.88	16.69	16.85	16.64	2[...]
P/E Ratio (net) (a) (b)	8.44	8.26	8.40	8.56	8.42	8.54	
Dealings marked	5,339	6,826	7,767	5,862	7,200	5,868	6[...]
Equity turnover £m.	—	60.53	78.15	63.84	60.11	48.82	4[...]
Equity bargains total	—	14,534	18,010	16,488	15,813	15,715	12[...]

10 a.m. 337.6. 11 a.m. 338.3. Noon 338.3. 1 p.m. 338.9. 2 p.m. 339.3. 3 p.m. 342.6.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.39.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. S.E. Activity July-Dec. 1942. † Corrected.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/5)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.64 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (6/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.5 (22/5)	231.6 (6/10)	442.5 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Oct. 21
Daily—	
Gilt-Edged	154.4
Industrials	177.6
Speculative	49.2
Totals	121.5
5-day Av'rge	
Gilt-Edged	165.5
Industrials	227.4
Speculative	54.4
Totals	150.2

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section). Tuesday, October 21, 1975.

	EQUITY GROUPS / GROUPS & SUB-SECTIONS	Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday Oct. 20 Index No.	Friday Oct. 17 Index No.	Thurs. Oct. 16 Index No.	Wed. Oct. 15 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	125.30	+1.0	16.26	6.57	8.18	8.18	124.04	125.57	127.96	126.01	72.18	131.26 (6/6)	51.78 (6/1)	206.57 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	121.85	+1.0	14.19	6.72	10.71	10.70	120.66	122.76	125.84	123.21	66.19	125.84 (16/10)	46.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	226.21	+0.5	16.77	4.12	8.97	8.97	225.02	228.16	233.80	227.57	105.42	251.61 (25/4)	74.74 (6/1)	389.53 (19/5/72)	71.48 (12/12/74)
4	Electricals (17)	220.17	+1.5	18.67	5.27	7.89	7.88	216.89	217.78	222.74	219.70	135.46	234.64 (6/6)	96.49 (2/1)	350.04 (4/5/72)	84.71 [illegible]
5	Engineering (Heavy) (13)	149.48	+1.1	21.84	7.94	6.98	5.98	147.81	149.75	151.35	148.44	86.75	159.79 (22/4)	64.39 (2/1)	202.57 (2/8/73)	64.39 (2/1/75)
6	Engineering (General) (63)	107.61	+1.0	20.26	7.71	7.55	7.35	106.56	108.55	109.79	108.48	65.94	117.40 (6/6)	46.45 (6/1)	168.59 (4/5/72)	46.45 (6/1/75)
7	Machine and Other Tools (9)	42.85	−0.2	19.23	9.80	9.39	9.39	42.78	42.88	43.61	43.12	28.84	48.98 (20/5)	20.11 (2/1)	136.70 (4/1/69)	19.96 (13/12/74)
8	Miscellaneous (24)	106.17	+0.5	20.24	7.42	7.36	7.36	105.69	106.15	107.30	107.12	66.03	121.76 (6/6)	49.66 (6/1)	177.41 (27/4/72)	49.66 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	102.54	+2.2	16.99	6.02	8.65	8.65	100.33	101.41	103.00	101.17	54.77	103.00 (16/10)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	120.57	+2.9	15.57	4.44	9.71	9.70	116.95	117.54	120.00	118.13	59.38	125.06 (25/9)	44.26 (6/1)	267.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (14)	152.18	+0.1	16.28	6.85	9.01	8.98	152.01	153.49	153.90	153.57	84.37	153.90 (16/10)	64.55 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (27)	54.55	+1.9	20.33	8.54	7.09	7.09	53.52	54.57	55.39	55.74	32.24	55.39 (16/10)	19.91 (6/1)	170.89 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	137.89	+0.9	14.61	6.17	9.92	9.85	136.75	138.64	141.67	139.59	79.23	146.45 (6/6)	61.98 (6/1)	225.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	155.99	+0.5	12.22	6.56	11.81	11.81	155.17	158.03	163.69	160.15	94.91	167.95 (22/9)	75.56 (6/1)	281.67 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	141.86	+1.3	15.72	7.11	11.00	11.00	140.08	142.51	146.44	144.29	112.67	177.94 (9/7)	80.42 (6/1)	257.40 (15/7/72)	75.86 (13/12/74)
16	Entertainment, Catering (16)	159.78	+1.0	13.35	7.46	11.71	11.15	158.15	159.60	164.09	161.60	78.87	167.58 (22/9)	55.28 (6/1)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (22)	149.62	+1.0	13.97	5.36	9.85	9.81	148.07	149.39	152.80	150.81	71.48	156.57 (6/6)	62.08 (2/1)	211.65 (1/5/73)	59.77 (11/12/74)
18	Food Retailing (16)	142.58	—	10.67	4.65	15.35	15.55	142.31	145.58	146.08	144.15	70.17	149.17 (4/6)	57.15 (2/1)	235.08 (15/6/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	154.55	−0.6	16.17	7.35	9.45	9.48	155.53	157.48	159.94	157.85	80.58	162.14 (6/6)	55.08 (6/1)	260.29 (16/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	91.09	−0.4	24.43	8.10	6.09	6.10	91.46	93.56	95.09	93.05	58.87	107.12 (20/6)	43.46 (6/1)	155.69 (26/4/72)	43.46 (6/1/75)
21	Stores (32)	118.65	+0.1	12.52	5.51	12.42	12.42	118.46	120.11	121.76	120.69	70.41	132.94 (20/6)	52.68 (6/1)	204.39 (15/3/72)	52.63 (6/1/75)
22	Textiles (23)	147.62	+2.4	22.55	7.25	5.80	6.17	144.19	146.02	148.75	146.01	86.47	149.62 (22/9)	62.91 (6/1)	253.72 (17/9/69)	62.66 (11/12/74)
23	Tobacco (3)	194.80	+2.2	17.40	6.92	8.75	8.75	190.57	194.38	199.47	195.60	118.68	199.47 (16/10)	109.92 (6/1)	339.16 (2/3/73)	94.34 (13/6/62)
24	Toys and Games (6)	58.82	+1.9	24.17	6.72	6.75	6.75	57.41	57.99	60.41	59.62	29.98	61.12 (13/10)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (93)															
25	Chemicals (24)	175.40	+1.8	15.86	5.47	8.80	8.80	172.23	174.82	178.99	176.05	97.86	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.20 (1/12/74)
26	Office Equipment (10)	81.83	−1.0	16.39	6.57	8.61	8.61	82.62	82.62	85.07	82.20	59.91	104.76 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	368.04	+0.2	22.16	6.57	5.76	5.57	367.28	371.69	372.56	371.06	266.95	401.84 (10/3)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (47)	145.76	+0.1	18.25	7.08	8.05	8.05	145.62	145.85	146.58	144.00	84.98	153.58 (6/6)	60.39 (6/1)	268.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	136.00	+1.0	16.22	6.24	8.93	8.89	134.68	136.48	139.10	137.02	78.73	143.43 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	325.08	+1.1	15.48	4.95	7.21	6.46	321.56	325.55	327.24	319.69	146.88	327.24 (16/10)	105.85 (2/1)	431.66 (22/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	151.60	+1.0	16.09	6.05	8.69	8.57	150.10	152.08	154.66	152.14	84.65	156.14 (6/6)	63.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	131.08	+0.6	—	5.50	—	—	130.36	133.80	135.87	133.86	71.82	148.45 (20/6)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	158.26	+3.5	16.56	5.06	8.24	8.24	153.25	159.98	164.40	162.29	80.56	177.11 (5/6)	62.56 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	152.36	−0.4	—	8.09	—	—	153.05	157.56	158.58	161.06	104.46	169.27 (7/3)	84.15 (6/1)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	94.61	+0.2	18.99	8.91	7.54	6.93	94.43	95.16	96.01	95.70	56.98	134.39 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	115.61	+0.4	—	6.02	—	—	115.20	116.66	119.21	116.28	60.84	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	106.77	−0.6	—	6.41	—	—	107.39	109.71	111.32	108.44	62.19	123.90 (20/6)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (9)	215.28	−0.4	9.98	4.05	15.18	15.18	214.10	214.75	215.08	208.12	87.12	214.75 (17/10)	68.96 (7/1)	262.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	86.74	+0.5	—	5.31	—	—	86.35	87.42	88.43	87.65	46.89	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	156.55	−1.7	3.95	3.75	39.86	38.01	159.01	159.36	161.96	158.76	109.52	241.22 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (4)	68.06	−0.8	13.99	9.25	10.75	10.60	68.61	68.81	70.37	69.80	42.90	75.78 (23/4)	34.78 (10/1)	303.15 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	160.55	—	3.09	4.44	32.41	32.39	160.63	162.54	164.08	162.80	89.07	176.53 (6/6)	73.45 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	146.79	+0.9	—	4.85	—	—	145.55	147.76	150.22	147.76	81.42	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	373.99	+4.0	15.21	8.88	9.52	9.45	359.60	360.43	365.13	362.85	315.28	[illegible] (25/3)	261.66 (2/1)	385.37 (25/7/73)	84.68 (25/8/65)
45	Teas (10)	112.76	+2.6	36.35	9.26	3.96	3.82	109.86	107.55	105.07	105.15	60.61	112.76 (21/10)	76.76 (10/1)	121.47 (1/5/72)	69.72 (17/10/74)
46	Coppers (3)	279.61	+1.1	70.23	17.52	1.42	1.42	275.44	283.44	286.61	283.44	345.39	457.74 (27/5)	256.42 (24/9)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	110.40	+0.6	11.10	4.60	9.90	9.90	109.75	109.56	111.10	109.82	74.20	141.34 (30/5)	60.58 (22/1)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	86.56	−0.6	12.92	10.47	10.12	9.08	86.00	86.22	85.56	85.45	60.95	114.49 (3/6)	58.91 (6/1)	126.43 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	209.54	+1.3	16.63	4.71	7.69	7.69	205.88	206.70	209.37	209.60	—	252.23 (20/6)	97.37 (6/1)	252.23 (20/6/75)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday, Oct. 21 Index No.	Tuesday, Oct. 21 Yield %	Monday Oct. 20	Friday Oct. 17	Thurs. Oct. 16	Wed. Oct. 15	Tues. Oct. 14	Monday Oct. 13	Friday Oct. 10	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols. 2½% yield	—	15.25	15.36	14.89	14.77	14.75	14.25	14.86	14.84	16.11	—	—	—	—
2	20-yr. Govt. Stocks (6)	45.98	‡14.09	45.66	46.69	47.73	47.58	47.65	47.57	47.19	44.07	53.09 (20/3)	38.27 (3/1)	115.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	45.99	‡15.99	46.30	46.52	46.96	46.90	46.85	46.85	46.83	41.18	50.68 (21/3)	37.01 (3/1)	113.43 (25/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	45.36	15.26	45.27	45.05	45.46	45.46	45.33	45.24	45.29	37.24	47.30 (29/7)	35.35 (3/1)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	62.16	15.09	61.92	61.88	62.15	62.36	62.59	61.16	61.49	51.12	63.02 (6/3)	48.35 (3/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Manufacturing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Wines and Spirits	16/1/70	144.76	Mining Finance	29/12/67	100.00
Toys and Games	16/1/70	135.72	All Other	10/4/62	100.00
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p. By inland post 16p. Commonwealth 18p. Foreign 22p.

CONSTITUENT CHANGE: Nairn Williamson (Household Goods) has been replaced by Spirella Group (Textiles).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	13	289	+5	302	118
Berisford (S. & W.)	25p	10	204	+11	208	38
"Bats"	25p	9	310	+7	338	164
BP	£1	9	590	+5	593	190
Marks & Spencer	25p	9	103	+2	128	47½
Midland Bank	£1	9	275	+7	305	122
N. Foods 'New'	Nil/pd.	9	34*	−½	39*	34*
Glaxo	50p	8	338	+12	427	198
IC Gas 'New'	Nil/pd.	8	31*	−1	96*	70*
Shell Transport	25p	8	359	+5	365	118
Barclays Bank	£1	7	290	+10	325	112
Burmah Oil	£1	7	30	—	100	27
Cons. Gold Fields	25p	7	215	+5	290	188
P & O Defd.	£1	7	103	+1½	128	59½
Royal Ins.	25p	7	298	+6	315	106

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 13	Oct. 27	Dec. 23	Jan. 7
Oct. 27	Nov. 10	Jan. 8	Jan. 22
Nov. 24	Dec. 9	Jan. 22	Feb. 5

"Calls" were arranged in Marks and Spencer, Grand Metropolitan, Dunlop, S. and W. Berisford, Town and Commercial, Howard Machinery, EMI, Amalgamated Investment and Property and Laporte. No "puts" were reported, but double options were transacted in British Dredging, Dunlop, Amalgamated Investment and Property, Lonrho, Siebens Oil and Gas and Slater Walker.

Industrials							
A. P. Cement	15	Grand Met.	7	Slater Walker	9	Mines	
Assoc. Leisure	5	G.U.S. 'A'	17	Spillers	8	Anglo Amer.	50
Barclays Bank	25	Guardian	20	Tesco	6	Broken Hill Prp	75
Beecham	28	G.K.N.	22	Thorn "A"	17	Charter Cons.	22
Boots Drug	12	Hawker Sidd.	27	Tube Invest.	24	Chart'rh'll Fin.	10
Bowaters	16	House of Fraser	8	Unilever	35	Cons Gold	22
B.A.T.	30	Hudson(Wilms)	4	Utd. Drapery	10	De Beers Def.	36
British Leyland	7	I.C.I.	21	Vickers	13	F. S. Geduld	350
BOC Int.	5½	"Imps"	7	Woolworths	6	Great Boulder	12
Burton 'A'	8	I.C.L.	7	Property		Hampton Areas	15
Cadburys	6	Inveresk	7	Cap. Counties	4½	Hampton Prop.	4
Courtaulds	12	Legal & General	13	E.P.	6	Kloof	140
Debenhams	8	Lloyds Bank	22	Int. Europe	8	Lonrho	13
Distillers	13	"Lofs."	8	Land Securities	18	Loraine	55
Dunlop	5½	"Mams"	6	Peachey	6	Metals Explor.	8
Eagle Star	13	Marks& Sp'ncer	11	Town & City	4½	Poseidon	55
E.M.I.	17	Midland Bank	25	Town & Comm.	4	Pres. Steyn	275
First National	2	Nat'l West Bank	22	Oils		Rio T. Zinc	20
G.R.A. Trust	4	P & O Dfd.	10	Brit. Petroleum	45	Welkom	55
Gen. Accident	16	Plessey	8	Burmah Oil	5	West Areas	75
Gen. Electric	13	R.H.M.	6	Shell	30	Western M'ng.	18
Glaxo	40	Rank Org. 'A'	17	Ultramar	21	Zambian Copp.	10
		Reed Int'l.	25				

NEW HIGHS AND LOWS FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975.

NEW HIGHS (44)

AMERICANS (2)
Caterpillar; International Hldgs.
BANKS (1)
Hongkong & Shang.
BEERS (1)
Baird (Hugh)
BUILDINGS (3)
Magnet Joinery; Travis & Arnold; Southerns-Evans
STORES (3)
Maxim Fashions; Soirelle; S & U Stores
ELECTRICALS (2)
M.T.E.; Petbow
ENGINEERING (3)
Astra Secs.; Green's Economiser; Austin (James)
FOODS (2)
Assoc. Biscuits; Lennons
HOTELS (1)
Stanneylands
INDUSTRIALS (10)
Airfix; Initial Services; Cape Industries; McBride (R.); Croydex; Milk Marsters; Gibbons Dudley; Monsanto 5pc '82-86; Hanson Trust 6½pc Cnv. 1988-93; United Carriers
MOTORS (4)
Automotive Products; Perry (H.); Heron 10pc Cnv. 1995-00; Peterborough Motors
SHIPPING (1)
Felixstowe Dock
TEXTILES (1)
Bond St. Fabrics
TRUSTS (2)
Camellia Invs.; Prestwich-Sicomi
OVERSEAS TRADERS (3)
Paterson Zochonis; Berisford (S. & W.); Do. 'A' N-V.
TEAS (6)
Cessnock; Teith Holdings; Cons. Tea & Lands; West Nile; McLeod Russel

NEW LOWS (6)

AMERICANS (1)
Penn-Central
CANADIANS (1)
Seagram
ENGINEERING (1)
Brooke Tool
INDUSTRIALS (1)
Newey Group
RUBBERS (1)
Muar River
MINES (1)
Geevor

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	88	—	—
Corpns. Dom. and Foreign Bonds	3	7	61
Industrials	378	192	1,156
Financial and Prop.	92	107	408
Oils	10	4	19
Plantation	12	4	31
Mines	57	12	94
Recent issues	4	15	32
Totals	[illegible]	341	1,779

BASE LENDING RATES

AFI International
Allied Irish Banks Ltd.
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett, Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Cayzer, Bowater Co. Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Continental Trade Bk.
Co-operative Bank
Copleys Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partners
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Industrial Bank of Scot.
Jacobs, Kroll
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs
Royal Trust of Canada
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Sterling Credit
Thames Guaranty
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Wallace Brothers Bank
Whiteaway Laidlaw
Williams and Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.
* 7-day deposits on sums of £10,000 and under [illegible], up to £25,000 [illegible], over £25,000 [illegible].
† Demand deposits [illegible].

MONEY MARKET

Free credit supply

Bank of England Minimum Lending Rate 12 per cent. (since October 3, 1975)

Day-to-day credit was in good supply in the London money market yesterday and the authorities absorbed surplus funds by selling a small amount of Treasury bills to the discount houses. The banks carried forward overfull balances and Government disbursements exceeded revenue payments to the Exchequer. These factors outweighed a net market take-up of Treasury bills, an increase in the note circulation, and local authority bill maturities.

Discount houses paid around 10½ per cent. for secured call loans in the early part, with up to 11½ per cent. quoted in places. Rates at the close were in the region of 9¾-10½ per cent.

In the inter-bank market overnight loans commanded 11-11½ per cent. at the start and after easing to 9¾-10 per cent., increased to 11½-11¾ per cent. at the close.

Short-term fixed period interest rates showed little overall change.

Rates in the table below are nominal in some cases.

Oct. 21 1975	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine trade Bills ◆
Overnight	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
†7 days notice	—	—	[illegible]	—	[illegible]	—	—	—	—	—
7 days or	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent. Approximate selling rates for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.

Finance House Base Rate (published by the Finance Houses Association) 11 per cent. from October 1. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Rates for lending 11 per cent. Treasury Bills: Average tender rates of discount 11.4216 per cent.

CORAL INDEX
Close 341-346

I.G. INDEX
GOLD 144¼-147¼

INSURANCE BASE RATES

† Atlantic Assurance
Cannon Assurance
† Address shown under Insurance and Property Bond table.

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AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

REGIONAL MARKETS

[illegible]

A.)	38	Lovell's Ship £1	115		Carroll (P. J.)	118	+1
cHdg.	58	N'thn. Goldsmith	90		Clondalkin	45xd	$-1\frac{1}{2}$
k.10p.	33	P.M.A.	31		Concrete Prods.	75	
	3	Pearce (C. H.)	68		Goodbody (£1)	35	
	47	Peel Mills	11		Heiton (Hldgs.)	29	
g. 5p.	16	Richards 10p	$12\frac{1}{2}$		Irish Distillers	45	
d 50p.	95	RobbCaledonian	78		Irish Wire	48	
Sons	11	Sayers $12\frac{1}{2}$p	8		Jacob	64	
L.)	56	Sheffield Brick	64		Sunbeam	$12\frac{1}{2}$	
		Sheff. Refrshmt.	141		Unidare	66	+3

.NNEL ISLANDS & INTERNATIONAL INVESTMENT TRUST LIMITED

P.O. Box 73,
37 Broad Street,
St. Helier,
JERSEY.

20th October, 1975.

e Income and Capital Shareholders:

HALF-YEARLY STATEMENT

: unaudited accounts of the Company as at 30th June, ow the following results:—

	1975	1974
Revenue of the Company was	50,374	57,473
ment and other expenses absorbed	10,276	11,005
	40,098	46,468
on for Jersey Taxation	8,020	6,013
venue	32,078	40,455
dividend paid May 1975	32,000	—
carried forward	£78	£40,455

osidiary Company made a profit of which is not reflected in the net shown above: This profit has t off against accumulated losses of brought forward at 1st January

cast, the Board hope to pay a final d for the year 1975 of not less p per share less Jersey Tax. nsolidated net assets of the Com- ttributable to the Capital Share- . including investments at market m 30th June 1975, amounted to £1,815,604 £1,088,664 nt to approximately 363p (218p) Capital Share.

ket values of foreign currency securities have been ed into sterling at 75% of the Investment Dollar Pre- uling at the date of valuation.

SAVE & PROSPER (JERSEY) LIMITED,
Secretaries.

EUROPEAN PROPERTY INVESTMENT COMPANY N.V.

established in Amsterdam

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

will be held at the offices of the company, 548, Herengracht, Amsterdam, on Thursday 13th November, 1975, at 11.00 a.m.

The agenda of the meeting and the Annual Report 1973/1974 will be available free of charge at the office of the company and at the offices of:

Bank Mees & Hope NV in Amsterdam
Banque Bruxelles Lambert S.A. in Brussels
Banque de Neuflize, Schlumberger, Mallet in Paris
Morgan Grenfell & Co. Limited in London
Westdeutsche Landesbank Girozentrale in Düsseldorf.

Shareholders who wish to attend this meeting, have to lodge their shares with one of the abovementioned banks at least three days before the meeting against delivery of a receipt which will serve as ticket of admission to the meeting.

THE BOARD OF MANAGING DIRECTORS

Amsterdam, 22nd October, 1975.

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1975 High	Low	Stock	£	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅜	94⅝	Exch 6½pc 1976	98¼	+⅛	6.62	11.49
97⅞	92⅛	Treasury 6½pc 1976	96⅛	+⅛	6.76	11.43
99	97	Victory 4pc 1976	98½	-½	4.04	—
102	96⅞	Treasury 10½pc 1976	98⅞	+⅛	10.62	11.50
95¼	88⅞	Treasury 6¼pc 1977	94¼	+¼	6.63	10.81
94⅝	85⅝	Electric 3pc 74-77	93	+¼	3.22	8.53
103⅛	96⅞	Treasury 11½pc 77	100⅛	+⅛	11.48	11.33
89½	84	Treasury 3pc 77	89½xd	+⅛	3.35	8.66
90½	84⅝	Transport 4pc 72-77	88⅞	-⅛	4.58	9.82
96⅛	90½	Treasury 9pc 1978	93⅛	-⅛	9.62	12.15
100⅛	96	Treasury 10½pc 78	96⅛	+⅛	10.89	12.05
87¼	79	Exchequer 5pc 76-78	85⅞	+⅛	5.82	10.72
103	94⅛	Treasury 11½pc 79	98¾	+¼	11.64	11.94
79⅜	71⅛	Treasury 3pc 79	77⅛	+⅛	3.87	10.09
81¼	73⅞	Electric 4¼pc 74-79	79⅞	+⅛	5.52	10.63
100⅛	94½	Treasury 10½pc 79	94¾xd	+¼	11.08	12.19
79½	71	Electric 3½pc 76-79	77⅞xd	+⅛	4.49	10.39
95	84	Treasury 9pc 1980	88⅝	+⅛	10.16	12.46
95⅛	89¼	Treasury 9½pc 80	89⅝xd	+⅛	10.60	12.57
79	68¾	Treasury 3½pc 77-80	76⅛	+¼	4.58	9.96
84½	72	Funding 5¼pc 78-80	81⅛	+¼	6.45	10.38
		Five to Fifteen Years				
96	95½	Treasury 11½pc 1981	95⅞	+⅛	12.01	12.64
76½	66⅛	Do 3½pc 79-81	74	+⅛	4.77	10.09
91⅛	72⅞	Do 8¼pc 80-82	85	+½	10.28	12.56
104⅞	66⅞	Treasury 12pc 1983	96	+½	12.65	13.10
78	58	Funding 5½pc 82-84	71⅛	+⅛	7.84	11.11
85¼	61⅞	Treasury 8¼pc 84-86	79¼	+⅛	11.06	12.46
73¼	51⅛	Funding 6½pc 85-87	65⅝xd	+⅛	9.88	12.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

S.E. List Premium 58¾% (based on $2.0588 per £)

CANADIANS

[illegible]

S.E. List Premium 58¾% (based on $2.1180 per £)

Conversion factor 0.6316 (0.6332)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	Johns'n & B.12½p	26	—	1.56	♦	9.8	♦
[illegible]	[illegible]	Johnson Clnrs.	29½	−½	†2.18	1.7	12.4	7.3
[illegible]	[illegible]	Johnson Mth. £1	280	—	10.25	4.9	5.6	5.6
[illegible]	[illegible]	Judge Int.	29	—	†1.85	3.7	9.8	4.3
[illegible]	[illegible]	Kalamazoo 10p	19xd	—	1.57	♦	12.8	♦
[illegible]	[illegible]	Kelsey Ind. 12½p	50	—	d2.47	4.7	7.6	4.3
[illegible]	[illegible]	Kennedy Sm. 10p	11½	—	1.38	♦	18.5	♦
[illegible]	[illegible]	Kershaw (A.) 5p	600	—	12.01	8.7	3.1	10.5
[illegible]	[illegible]	Kleeman	206	—	†3.89	5.8	2.9	10.5
[illegible]	[illegible]	Kode Int.	28	—	†1.23	3.5	6.9	6.4
[illegible]	[illegible]	L.C.P. Hlds.	56	+1	‡3.9	2.5	10.7	7.6
[illegible]	[illegible]	L.K. Ind. Inv.	18	—	d1.96	1.8	16.8	5.1
[illegible]	[illegible]	L.R.C. Int. 10p	25½	+1	2.0	0.8	12.1	15.4
[illegible]	[illegible]	Lamson Inds.	64	—	2.74	2.5	6.6	8.7
[illegible]	[illegible]	Lawtex	27xd	—	2.58	♦	14.7	♦
[illegible]	[illegible]	Lead Inds. 50p	97	—	†4.69	3.9	7.4	5.3
[illegible]	[illegible]	Leadenhall Sig.	52	—	3.05	♦	7.8	—
[illegible]	[illegible]	Le Bas (Ed)	39	+3	†1.36	8.5	5.4	3.4
[illegible]	[illegible]	Lebolf Fobel 10p	35	—	†1.48	4.2	6.6	9.8
[illegible]	[illegible]	Lebus Harris	26	−1	2.0	0.2	11.8	—
[illegible]	[illegible]	Leigh (L.) 5p	24	—	0.73	5.8	4.7	5.6
[illegible]	[illegible]	Leisure Car. 10p	70	—	4.42	1.7	9.7	9.5
[illegible]	[illegible]	Lep Group 10p	135	—	2.54	♦	2.9	♦
[illegible]	[illegible]	Lesney Prods. 5p	35xd	+2	g0.84	7.6	3.9	4.7
[illegible]	[illegible]	Letraset 10p	37½	+½	g1.28	3.3	5.1	8.6

INDUSTRIALS—Continued

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr
15	11	Wood & Sons 5p	13	—	0.49	5.2
13½	7	Wood (Arthur) 5p	10	—	0.67	3.6
13	8	Wood (W.) 10p	11	—	†0.87	—
99	29	Wood Hall	84	—	†4.03	3.9
7¼	4	Wuston Furn. 5p	6½	—	♦0.34	♦
27½	14	Zetters 5p	22	—	0.95	4.6

††INSURANCE

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr
65	30	Brentnall Bd. 10p	60	—	†2.92	3.0
154	60	Britannic 5p	136	—	7.0	—
970	440	Comb. Ins. Am. $1	830	+20	Q66c	—
194	72	Comm. Union	147	—	6.77	—
148	44	Eagle Star	130	—	g4.99	—
£106½	£100	Eagle 7%Cnv.	£105½	—	Q9%	—
186	50	Equity & Law 5p	154	—	5.1	—
174	67	Gen. Accident	163	−1	†5.4	—
224	83	Guardian Royal	201	+2	†7.75	—
190	54	Hambro Sd 10p	190	—	†5.44	3.0
250	82	Heath (C.E.) 20p	245	—	6.1	3.3
171	47	Hogg Robinson	167	−1	4.03	3.7
141	30	Howden (A.) 10p	136	−4	‡2.35	4.6
142	43½	Legal & Gen. 5p	128	—	†4.36	—
125	33	Lon. & Gdn. 10p	102	—	3.39	2.9
143	48	Lon. & Man. 5p	114xd	—	†4.35	—
178	63	Matthew Wr. 20p	158	—	†7.39	1.5
173	49½	Minet Hldgs. 20p	172xd	—	†1.4	3.9
240	93½	Pearl 5p	214	—	9.6	—
230	87	Phoenix	214	+2	18.23	—
130	60	Provident "A"	115	—	g6.65	—
125	60	Do. "B"	115	—	g6.65	—
142½	52	Prudential 5p	127	+1	‡5.07	—
130	48	Refuge "B" 5p	110	—	6.25	—
325	106	Royal	290xd	+6	†13.39	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
78	38	Yukon Cons C$1	55	−3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ∅ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ∞ Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ∫ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 21

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES
Wednesday October 22 1975

Police, troops ring house after Herrema found alive

BY GILES MERRITT

MONASTEREVIN, Oct. 21.

THERE WAS no softening last night in the Irish Government's stern "no deal" approach to the kidnappers of Dutch industrialist Dr. Tiede Herrema as the 18-day-old abduction case developed into a grim siege. Irish police supported by troops in company strength ring the Evans Park Estate, in Monasterevin, 40 miles South-West of Dublin, where Dr. Herrema is being held at gun-point in the upstairs rooms of a modern council house.

Justice Minister Mr. Patrick Cooney has set up an emergency operations centre at the Garda barracks in nearby Kildare, but if he has been in personal contact with the kidnappers it can only have been by radio link. Following this morning's hurried Cabinet meeting to discuss the climax to the Herrema case, Mr. Cooney has left the negotiations with the kidnappers to shouted exchanges by senior police officials.

Inside, the atmosphere is believed to be dangerously tense. An Irish Special Branch officer, armed with a sub-machine gun, stands at the foot of the stairs while Army sharp-shooters are positioned outside. To ensure that the security forces have not stealthily climbed the staircase, there have been reports of the kidnappers throwing ches pieces down to establish that the stairs are clear.

Although the abductors lost the initiative when this morning's breakfast-time raid on the council house turned the kidnapping into a siege, they have repeated their original demand that the Dublin Government release three jailed Provisional IRA members, two of whom are in prison only 17 miles away at the Port Laoise top-security jail. For its part, the Government has reiterated its determination to make no deal. Last week, as an indication of their hard *line approach to the Herrema* affair, the authorities even hinted that provisions for awarding the death penalty could be called upon if Dr. Herrema is killed by his captors.

Six shots have so far been fired. Dr. Herrema is thought to be held by only two people, 28-year-old Edward Galagher and 19-year-old Marian Coyle, whom police have been seeking since shortly after the kidnapping outside Limerick on October 3.

The trail which led the police *to Monastererain is still far from* clear: the official line is that two unnamed brothers involved in the Herrema kidnapping were picked up yesterday by a police traffic check point at Tullamore, in neighbouring Co. Offaly. But another report says that the arrests were made early last arrests were made early last week-end and that, as a result, the kidnappers moved to the Monasterevain council house only 24 hours ago from a remote cottage three miles away at Kildangan.

That Dr. Herrema is still alive in spite of the Irish Government's continuing refusal to even treat with the abductors suggests that his captors will find it extremely difficult to kill *him in cold blood. The police* are, however, apparently hoping to sit it out much as their London counterparts did in the Spaghetti House siege and there have been unconfirmed reports that the authorities have agreed to send food supplies up to the top floor.

Dr. Herrema's own physical condition, in so far as it could be judged this morning from his cries for help and brief appearance at an upstairs window with a pistol held to his head, seems *surprisingly good for a man who* at one time was reported to be bound hand and foot, gagged and deafened with cotton wool in his eass. This evening, his wife and Dr. Krayenhoff, head of the Akzo Group by which Dr. Herrema is employed, arrived in Dublin.

As dusk fell to-night, the small 90-house estate on the edge of the village of Monasterevin was bathed in the harsh, bluish light of the television lamps. At the back, Army floodlights have thrown the building into sharp relief. The house where police officers and the two mediators who have been active in the case, Father Donal O'Mahoney and trade unionist Mr. Philip Flynn, are conducting negotia*tions from the ground floor*, is cordoned well off from the crowd of waiting reporters. The atmosphere on the estate is strangely undramatic.

The house itself is part of a simple, modern terrace building fronted by neat gardens. Away from the centre of the development, it looks out on a community playing-field and a railway embankment along which trains occasionally appear. Although the area has been described as "ringed by steel," the 80 soldiers deployed are in fact scarcely in evidence.

£40m BSC stake in Quebec iron deal

By Harold Bolter, Industrial Editor

THE BRITISH Steel Corporation intends to invest about £40m. over the next three years in an important new iron ore mining and pelletising project in Quebec, Canada.

By taking part in the scheme, the Corporation will secure supplies of 2.5m. tonnes of ore pellets a year from this new source—a major part of the supply it needs to support its £4.5bn. modernisation and expansion programme in the U.K.

The importance of the project can be seen from the fact that the BSC has decided to go ahead with this expenditure at a time when it is in severe financial difficulties, losing some £6m. a week.

For its £40m. investment in Quebec—most of which will be borrowed abroad by the BSC—the Corporation will have a 41.67 per cent. equity holding in a new company to be incorporated for the Canadian project.

8.23% stake

The majority shareholder will be Sidbec, a Quebec Government-owned steel producer, and the Quebec Cartier Mining Company will have an 8.23 per cent. stake.

The combined debt and equity capital of the new company will be of the order of £250m.

The project involves opening up a new mine with an annual output of 14m. tonnes of iron ore at Fire Lake in the province of Quebec and two pelletising lines with a total annual capacity of 6m. tonnes at Port Cartier.

Port Cartier is some 400 miles from Quebec City on the North shore of the Gulf of St. Lawrence with good year-round access for large ships from Britain.

Attraction

Much of the necessary infrastructure—including railway, harbour and other facilities, the town of Gagnon and the concentrating plant to be associated with the mine—already exists.

Work on the Fire Lake mine and the Port Cartier pelletising plant has already started and the whole project is expected to reach full production in 1977.

This was an obvious attraction to the BSC, which has studied other options for securing ore supplies in the past, most of which would have involved longer lead-in times.

Market price

Although it will be an important shareholder in the scheme, the BSC will still pay a full market price for its supplies of ore pellets.

It is reasonable to expect, however, that the new joint company will make profits and pay dividends as there have been signs of an "OPEC" pricing movement developing in the iron ore industry.

Last year, the BSC used some 26m. tonnes of iron ore, 20m. tonnes of which was imported. By 1980, imports should have risen to 28m.-29m. tonnes, including the 2.5m. tonnes from Fire Lake, while home ore supplies will remain at around 5m.-6m. tonnes.

THE LEX COLUMN

Hawker shifts to diesel power

Hawker Siddeley has been performing better than most nationalisation stocks recently—its shares stand at a six-month high of 308p—and the interim figures are reasonably encouraging. On a comparable tax basis, attributable profits are marginally ahead at £13½m., which is compatible with earnings targets for the full year of roughly 55p per share. Within that, the aerospace side is a little lower after the Canadian disposal. But the existing aviation workload is enough to produce stable profits for the next year or two at least, and the electrical and diesel engine businesses are moving ahead strongly.

Aerospace is still in a cash-hungry phase, and working capital will be well up again this year. But contracts like the Chinese Tridents are getting near to their peak financing needs, and the divi*sion ought to be a net generator* of cash next year. Meanwhile, total borrowings at the end of this year are unlikely to rise beyond the equivalent of, say, two-fifths of shareholders' funds after allowing for the $51m. U.S. acquisition.

Of course, nationalisation will transform the sums. The proposed terms could produce compensation of very roughly £80m., compared with a current market capitalisation of £147m. The group would be left with the electrical and mechanical engineering divisions, which produce trading profits of about £25m., including maybe £10m. from diesel engines which appear to be an area of major growth. In addition, attributable earnings in Canada amount to £2½m. or so, and the U.S. acquisition should comfortably pay its way from year one. Soon, it may be possible to think *of Hawker as a well managed* engineering company with plenty of cash and a well covered yield of 6¾ per cent.

See also Page 22

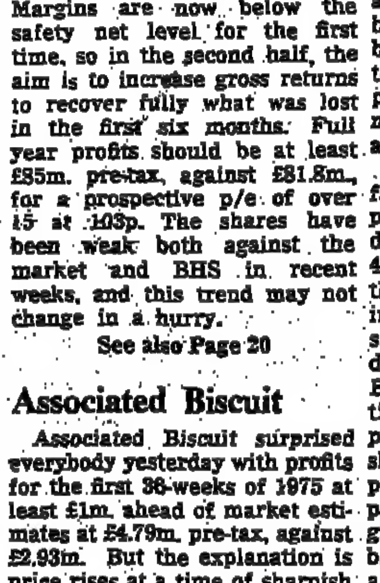
Marks & Spencer

Marks and Spencer's sales growth slowed sharply during the summer—slipping from nearly 30 to just under 20 per cent. between the first and second quarters to give a 24 per cent. gain for the first half as a whole, compared with a 34½ per cent. rise at British Home Stores. Marks has still managed its usual increase in market share with volume gains of 6½ per cent. in food and 13 per cent. for clothing and other goods. However, the moves to reduce stock levels during the summer have affected margins, and after a £3.5m. extra pension contribution, pre-tax profits are only 2 per cent. up at £35.9m.

Index rose 8.1 to 344.8

The overseas stores made little contribution during this period, and are unlikely to do *so fo* rat least a year. In Canada, Peoples Department Stores, is being reorganised, while on the Continent, the Paris and Brussels stores had sales of £3.48m. in their first full six months, but lost money. The Paris store has, however, been well above break-even level for the past few weeks.

In the U.K., the rate of sales growth is running at about the same level as in the second quarter though it may be diffi-



cult to maintain this during the final three months, which were exceptionally strong in 1974-75. Margins are now below the safety net level for the first time, so in the second half, the aim is to increase gross returns to recover fully what was lost in the first six months. Full year profits should be at least £85m. pre-tax, against £81.8m., for a prospective p/e of over 15 at 103p. The shares have been weak both against the market and BHS in recent weeks, and this trend may not change in a hurry.

See also Page 20

Associated Biscuit

Associated Biscuit surprised everybody yesterday with profits for the first 36-weeks of 1975 at least £1m. ahead of market estimates at £4.79m. pre-tax, against £2.93m. But the explanation is price rises at a time of sharpish declines in volume and stocks, and AB makes no bones the way its margins are under pressure once more uptrend in raw material. Moreover, early 1976 take wage review, and for the b trade the £6 factor is a one.

AB reckons it can ma profits in the current 16 so aided by July's rights the overall figure could e at £8½m. pre-tax. But the turn-in volume must be real worry for 1976. AB portant Club count lines a quarter of total output to be losing market shar volume falling faster average U.K. declines of cent. At the same tim earnings recovery ov (again on lower volume) stantially a reflection of ten weeks strike in where profits to date from £200,000 to £800,00 tax. The shares chose to most of this background day with a 10p rise to where a forecast yield of cent. is covered over 3½ by prospective earnings average capital.

See also Page 21

Paterson Zochonis

Paterson Zochonis has its forecasts at the time bid for Cussons, comfort the pre-tax level with against £7.5m. excludi change gains, but mor rowly at the attributable where earnings emerge a a share compared with th shadowed minimum o Compared with last year, ing profits have jumped cent. on a turnover gain a sixth, reflecting the has tended to shift out o bulk goods like flour an towards more sophis products such as radi motorcycles where the are better.

At the same time, the facturing operations in perfumes and refrigerato developed, and now acco 40 per cent. of turnov the other hand, the mi in Nigeria are claiming slice of net profits, mo doubling to £1.19m. in But thanks to Nigeri tinuing oil-based boo pects remain bright, wi share split helped to p price up 40p to a new peak of 440p—high given a p/e of 7.8 (whi be slightly diluted by C and a yield of just 2.5 p

See also Page 21

Prince Fahd shops for Jaguar aircraft

By Richard Johns

THE Jaguar fighter-bomber is understood to be one important item of defence equipment which Saudi Arabia is interested in purchasing from Britain with the requirements of Egypt in mind and is being discussed during the current state visit to Britain of Crown Prince Fahd.

Also on the "shopping-list" are infra-red night sights for armour and artillery, according to informed sources.

When the Saudis first showed an interest in the Anglo-French aircraft two years ago, the Government then emphasised that it could be only sold under a contract restricting the Jaguar to the Kingdom itself in case it was transferred to Egypt for operations against Israel.

Prince in talks

It now appears, however, that the U.K. would not lay any such conditions on the supply of the Jaguar to Saudi Arabia. The Kingdom has already contracted for the purchase of the Mirage F-1 from France on the understanding that they could be transferred to the "confrontation" States.

First exchanges on the Jaguar followed President Sadat's expulsion of Soviet military advisers in 1972 and his declaration that he would seek arms from Western suppliers.

Crown Prince Fahd, who arrived in London on Monday, yesterday held talks with Mr. James Callaghan, Foreign and Commonwealth Secretary, who called at his hotel. Later he attended a lunch given by Mr. Gordon Richardson, Governor of the Bank of England and was dining with Mr. Denis Healey, Chancellor of the Exchequer, last night.

Nothing was known last night about the talks being held by Saudi Arabia's First Deputy Prime Minister and heir apparent to the Throne, especially on financial matters—including the future of the Kingdom's Sterling investment and the possibility of a loan for Britain.

Visit planned

No formal agreements will be concluded this week. Mr. Callaghan is understood to be planning a visit to Saudi Arabia towards the end of November when he may be in a position to sign an accord on joint economic collaboration, in particular U.K. participation in implementation of the second Five-Year Plan.

The bulk of Saudi Arabia's own military requirements are being met by the U.S., but—with Egypt in mind—it is clearly anxious to diversify sources of supply.

Parliament, Page 16

New doctors' threat over private practice phase-out

BY DONALD MACLEAN AND LORELIES OLSLAGER

DOCTORS last night warned that industrial action might follow a refusal of the Government to reverse its policy of phasing out private practice from the National Health Service.

The warning—which came as industrial action by junior doctors over over-time pay spread—*followed talks with Mr. Wilson*, the Prime Minister, which produced no change of Government policy, but in which *fears for the future of the private medical* sector, as opposed to the health service, were voiced vigorously by the doctors.

Private medicine, they feel, is dependent on being linked to the health service. The contents of the Queen's Speech in November are seen as crucial.

Industrial action over the phasing out of private beds, it was stressed, would not necessarily spring from doctors' leaders, but might arise from the rank and file of doctors.

By to-morrow, more than 100 hospitals are expected to be affected, and junior doctors forecast that by the weekend over 50 per cent. of their 15,000 colleagues will have decided to take action.

To-day, Merseyside is expected to become one of the hardest hit regions. More than 1,000 junior doctors at 21 hospitals have threatened to treat emergency cases only from 9 a.m. onwards.

Other areas where action has been taken or is planned include Kent, Essex, Sussex, East Anglia, Coventry, Derby, Glamorgan, Canterbury, Thanet, Hillingdon, Enfield and Basildon.

Junior doctors in at least two London teaching hospitals—St. Bartholomews and University College Hospital—will consider action later this week.

Strike threat

Thousands of outpatient appointments are being cancelled and non-urgent operations put off in the hospitals affected.

While most of the junior *doctors stick to the tactic of* treating emergency cases only, a small number of hospitals are expected to be hit by 24-hour strikes.

In the North-West, which continues to be the most militant region, the junior doctors will next week consider going home at 5 p.m., leaving emergency night cover to the consultants.

At present about 1,400 doctors at the region's major hospitals are treating emergencies only.

The tactic of going home at 5 p.m. has already been adopted at Queen Mary's hospital, Sidcup, where the accident and emergency centre has been closed as a result and ambulances are sent to other hospitals in the area.

Doctors at Rochdale yesterday decided they will go home at 5 p.m. from next Monday.

At Peterborough, 50 junior doctors threaten to resign from the NHS unless the Government improves its offer for a new contract.

But many doctors on "emergencies only" interpret this *comparatively liberally so far.* Children and maternity cases, as well as cancer patients and old people are often exempt from the restrictions.

Big U.K. loan offered to Brazil

BY HUGH O'SHAUGHNESSY

BRITISH banks are offering a credit of several hundred million pounds for the financing of a new steel mill in Brazil. Sr. Francisco Azeredo da Silveira, the Brazilian Foreign Minister, said in London yesterday on the second day of his official visit to Britain.

This was one of three big industrial projects on which, he said, Britain and Brazil would be co-operating. The second was an agreement between Redpath Dorman Long, a subsidiary of the British Steel Corporation, and the Companhia Siderúrgica Nacional (CSN) for the construction of offshore drilling platforms in Brazil with British knowhow.

Brazil has, thirdly, expressed its interest in using those drilling rigs which have completed their tasks in the North Sea in the search for oil off Brazilian shores, particularly in the mouth of the Amazon.

The British credit offer is reportedly for the turnkey construction of a complete steel-works at Jaceaba in the state of Minas Gerais for the Açominas company. It would have a capacity of about 2m. tonnes of steel a year. Sr. Silveira hoped that the details would be settled before the end of the year though he warned that it was not certain that the full British credit offer would be taken up.

City and Whitehall sources welcomed the Foreign Minister's announcement but expressed caution about the magnitude of the sums mentioned as coming from Britain.

Redpath Dorman Long was unwilling to comment yesterday but, according to Brazilian sources, it is expected to acquire a small equity share in a company controlled by CSN which would build platforms near CSN's plant at Volta Redonda near Rio. A first firm order is expected from Petrobrás, the State oil concern, for a steel platform in the next few months.

The question of the resiting of the drilling rigs now working in the North Sea depends, according to Brazilian sources, on the response of non-Brazilian companies to the announcement this month in Brasilia that they will be allowed to participate in the search for oil in Brazil through risk contracts signed with Petrobrás.

Sr. Silveira joined Mr. James Callaghan and Mr. Peter Shore at the Foreign and Commonwealth Office yesterday to sign an Anglo-Brazilian Memorandum of Understanding under which both Governments pledged themselves to consult on "the whole spectrum of international relations in the modern world" through diplomatic channels and ad hoc study groups and working parties.

The Brazilian Minister said he had invited Mr. Callaghan to Brazil and would also be very happy were Mr. Harold Wilson to visit his country.

Brazil's trade strategy, Page 18

Government beaten on Land Bill

BY JOHN HUNT

THE CONSERVATIVES opened their attack on the Community Land Bill in the Lords last night by inflicting a heavy defeat on the Government by 111 to 67 and passing an amendment limiting the powers which the legislation will give to Mr. Crosland, Secretary of State for the Environment.

However, there were all the indications that although the Tory peers intend to wage a bitter struggle against the Bill they are now resigned to its getting on to the Statue Book before Parliament opens next month.

Viscount Colville of Culross, speaking from the Opposition Front Bench, said he thought the Bill would be passed in the *next few weeks. He predicted* that whatever amendments the Lords made, the Government would see that the Bill was "whipped through" when it returned to the Commons.

The Liberals also made it clear that they would not conduct an all-out fight against legislation. Lord Foot said for them that in general they would support the Government though not necessarily on every issue.

Despite this softening of attitudes there will obviously be a protracted clause-by-clause battle in the five-day Committee Stage on the Bill, which started last night. The Opposition has put down about 400 amendments.

Last night's successful Conservative amendment reduces the Secretary of State's power in setting up joint Boards to administer the scheme in cases where local authorities refuse to use the powers to acquire development land which the Bill will give them.

The Bill stated that in establishing joint Boards the Secretary of State could adapt or modify any provisions of the legislation or of any other enactment concerning the acquisition *of land. The Conservative amend*ment removes these words entirely.

From the Conservative front bench Baroness Young declared: "As far as individuals or Parliament are concerned an order order could be made with no right of objection and no right of discussion at all.

"This is a very important matter of principle. It is a quite extarordinary power."

Save textile industry, says Bishop

SOUTHERNERS "grow fat on the labours of the North," Dr. Eric Treacy, Bishop of Wakefield, claimed yesterday in a plea for the Government to take action to save the textile industry.

"Mill after mill is being forced to close and Yorkshire towns which have grown up around the textile industry are becoming distressed areas. It amounts to the murder of an industry. Closure of so many mills is bound to result in disintegration of these areas."

The time has come, he adds, for the Government to take steps to control imports of textiles and raw materials. The bishop wants the Government to treat textiles—"one of the oldest industries"—as a special case.

Weather

U.K. TO-DAY.

MOSTLY cloudy. Rain spreading slowly from W.

London, S.E., E., N.E. England, E. Anglia, Borders, Edinburgh, Dundee, Aberdeen

Mostly cloudy. Wind fresh. Max. 11C (52F).

Cent. S. England, Channel Is.

Mostly cloudy and dry. Wind fresh. Max. 13C (55F).

E. and W. Midlands, N.W. and Cent. N. England, Lakes, Glasgow

Mostly cloudy and dry. Wind becoming strong. Max. 12C (54F).

S.W. England, N. and S. Wales, I. of Man, S.W. Scotland, Argyll

Cloudy with occasional rain. Wind strong. Max. 12C (54F).

Cent. Highlands, Moray Firth, N.W. Scotland

Mostly cloudy. Wind S.E., strong. Max. 11C (52F).

N.E. Scotland, Orkney, Shetland

Showers. Wind S.E., fresh. Max. 10C (50F).

N. Ireland

Rain. Wind S.E., strong. Max. 12C (54F).

Outlook: Rain in W., mostly dry elsewhere.

Lighting-up: London 18.24; Manchester 18.29; Glasgow 18.32; Belfast 18.42.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	27	81	Madrid	S	20	68
Amstrdm.	R	9	48	Manchstr.	F	12	54
Athens	S	23	73	Melbourne	R	11	52
Barcelona	F	18	64	Mexico C.	S	18	65
Beirut	S	29	84	Milan	S	16	61
Belfast	S	11	52	Montreal	C	13	55
Belgrade	C	12	54	Moscow	S	9	48
Berlin	D	9	48	Munich	C	7	45
Birmghm.	C	11	52	Newcastle	C	11	52
Bristol	C	11	52	New York	S	18	64
Brussels	C	9	48	Oslo	S	9	48
Budapest	F	13	55	Paris	C	11	52
B. Aires	S	20	68	Perth	S	21	70
Cairo	S	32	90	Prague	C	7	45
Cardiff	D	10	50	Reykjavik	D	10	50
Cologne	C	10	50	Rio de J'o	S	27	80
Copnhagn.	C	10	50	Rome	C	17	63
Dublin	C	12	54	Singapore	S	31	87
Edinb'rgh	C	11	52	Stockholm	S	9	48
Frankfurt	F	10	50	Strasbourg	C	10	50
Geneva	F	11	52	Sydney	F	23	73
Glasgow	C	11	52	Tehran	S	18	64
Helsinki	Fg	1	34	Tokyo	S	22	72
H. Kong.	S	27	80	Toronto	C	13	55
Jo'burg	C	23	71	Vienna	C	9	48
Lisbon	S	20	68	Warsaw	C	11	52
London	C	10	50	Zurich	C	10	50
Luxembrg.	C	8	46				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	18	64	Jersey	F	13	55
Algiers	S	24	75	Locarno	S	14	57
Biarritz	F	19	66	Majorca	S	23	73
Blackpool	C	12	54	Malaga	S	21	70
Bordeaux	S	16	61	Malta	C	20	68
Boulogne	C	10	50	Nairobi	S	24	74
Casablnca.	F	20	68	Naples	F	18	64
Cape Tn.	C	19	66	Nassau	C	26	79
Corfu	F	18	64	Nice	F	17	63
Dubrovnik	F	18	64	Nicosia	S	29	84
Faro	S	22	72	Oporto	F	20	68
Florence	S	16	61	Rhodes	F	22	72
Funchal	C	22	72	Salzburg	C	9	45
Gibraltar	C	19	66	Tangier	C	22	72
Guernsey	S	15	59	Tenerife	C	17	63
Innsbruck	S	14	57	Tunis	S	22	72
Inverness	C	10	50	Valencia	S	21	70
I. of Man	C	11	52	Venice	S	17	63

S—Sunny. C—Cloudy. F—Fair. R—Rain.

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